

UNITED STATES TRAVEL AND TOURISM ADMINISTRATION

HEARING
BEFORE THE
SUBCOMMITTEE ON
BUSINESS, TRADE, AND TOURISM
OF THE
COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION
UNITED STATES SENATE
NINETY-EIGHTH CONGRESS
FIRST SESSION
ON
UNITED STATES TRAVEL AND TOURISM ADMINISTRATION

JUNE 1, 1983

Serial No. 98-27

Printed for the use of the
Committee on Commerce, Science, and Transportation



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1983

23-736 O

5261-43

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U.S. TRAVEL AND TOURISM ADMINISTRATION

WEDNESDAY, JUNE 1, 1983

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
SUBCOMMITTEE ON BUSINESS, TRADE, AND TOURISM,
Mount Rushmore, S. Dak.

The subcommittee met, pursuant to notice, at 1 p.m., in the Borglum Studio, Mount Rushmore, S. Dak., Hon. Larry Pressler (chairman of the subcommittee) presiding.

Staff members assigned to this hearing: Dennis Phelan, professional staff member; and John Hardy, minority staff counsel.

OPENING STATEMENT BY SENATOR PRESSLER

Senator PRESSLER. If I could call this meeting to order. I want to thank some of our witnesses who have traveled a great distance.

I want to, first of all, state the purpose of this hearing and what we are working to accomplish here. I would like to begin by thanking all of the small businessmen and women who are attending this hearing. You have made significant financial and personal sacrifices to be here. Your interest and participation are greatly appreciated.

The purpose of this hearing is to explore ways to increase travel and tourism in rural Midwestern States like South Dakota and to highlight the economic impact of the industry. We will hear testimony from State and national industry leaders, government officials and noted economists. The witnesses represent a good cross-section of the entire industry.

We have allowed for maximum flexibility in the scope of the testimony in an effort to reduce repetition and encourage innovation. By the looks of the testimony already submitted, we have been very successful. And let me say I have looked at a lot of the testimony already. I was up in Spearfish this morning, dedicating a senior citizens center and home, and I have read much of the testimony. It is really very good.

The economic impact of the U.S. travel and tourism industry is well documented. It is our second largest retail industry and it continues to grow. I agree with the famous futurist, Herman Kahn, that by the turn of the century tourism will be the No. 1 industry in the world.

As we become more automated, more productive, and have more leisure time, the growth potential will obviously increase. But it will not just happen. We will have to make it happen. We must be prepared to help the industry expand and be equipped to handle this growth.

Rural areas, like South Dakota in particular, need to begin planning now. We have the potential to gain more of today's tourism market than we currently enjoy, and much more of tomorrow's. But again, contrary to popular belief, tourism does not just happen. Real growth in today's competitive market requires sound planning and execution, and that is what this hearing today is all about.

As chairman of the Senate Subcommittee on Business, Trade, and Tourism, I have had the opportunity to speak to many groups of travelers and travel agents, both foreign and domestic. They are often surprised when I describe the beauty and variety of attractions South Dakota has to offer.

Just 2 weeks ago I spoke to a small group of about 40 foreign travel agents responsible for sending more money into the United States last year than the revenues generated in the State of South Dakota's entire tourism economy. They were very impressed by what South Dakota had to offer the foreign visitor, but complained about the lack of information and educational material necessary to sell South Dakota as a potential destination for the millions of travelers they send to the United States each year.

These are the kinds of markets we have to begin tapping. New York, Florida, California, and other coastal States continue to capture the vast majority of both the domestic and international markets, not only because of the attractions they offer but because they know how to market them and get the visitors there.

That is what we are here for, today. There are many other things I could talk about now, but I came here primarily to listen and to learn from those who are involved in the day-to-day workings of the industry. I might add that since becoming chairman of the Tourism Subcommittee I have been amazed at how many people think tourism will just happen.

During my tenure as chairman, we have had legislation passed to create a new Under Secretary of Travel and Tourism, and to have agencywide efforts to coordinate the priorities in the Federal Government on tourism which did not exist before. Also, Senator Inouye and I have just sent a letter to the President urging that the appointment of a new Under Secretary go to someone with experience and background in the industry. This is a very important thing, something that is crucial to the travel and tourism industry.

We also passed a piece of legislation in the U.S. Senate last week that will place the funding for the travel and tourism function at an appropriate level. We are not even seeking an increase from what the level was in the late 1970's, but there have been proposals to reduce it to a level we could not properly work with.

We are talking about somewhere between \$10 million and \$13 million for foreign offices that are operated. And that is, I think, something like an \$18 return on every dollar spent in that particular area.

We also have to work very hard on the tourist visa area. We have legislation included in the immigration bill that provides an experimental visa waiver program. This will mean foreign visitors will not

have to go through the long process of obtaining a visa. This sometimes takes 2 or 3 months and there is not really any purpose for it.

It does not keep drugs out of the country. It does not keep persons out whom we do not want here. It is something that really is a direction that we need to change in terms of the way we treat people who want to come here as tourists.

But in attracting visitors to the United States we want to treat South Dakota and the Midwest on an equal basis with the rest of the country. A lot of people think only of New York and Los Angeles when they think of visiting the United States, but there are many areas in between. Our State tourism office is doing an excellent job and we will hear from them today.

Many of our chambers of commerce are doing an excellent job and yet some of the national organizations overlook our State and some of its attractions. I might say it is not just Mount Rushmore, it is not just the Black Hills, it is not just the Glacial Lakes, and the fishing on Oahe. It is also my home town of Humboldt, S. Dak. which depends on tourism, a town of 450 people along the interstate.

We can tell almost immediately if there are changes in tourism by watching the amount of food sold, and the campgrounds, and the other things, gas and so forth, that are purchased. So our State is at a crossroads and we must continue to work on this, as many people in this room have done.

I might say that as I look around this room I see people who, long before I was active on the scene, have done a great deal of work for South Dakota and for tourism and the travel industry. And we have collected here probably the largest single collection of tourism leaders that I have seen recently. We are going to be hearing from them this afternoon, and some of them have staggered their time to come later. We are going to get this into the record.

Part of the purpose of the hearing is to get into the record, the official U.S. Senate record, a picture of tourism from our point of view, and I think that is very important. We will also try to upgrade what the man on the street thinks about the tourism function, both in and out of Government.

I could go on and on, because I feel very strongly about this subject in terms of creating jobs and in terms of doing some of the things that have to be done. But we are very honored to have our first panel here.

I will make an introduction and they may want to make some additional comments in presenting themselves. First of all, Martin Darity, a dear friend of mine, the Assistant Secretary of Commerce for Travel and Tourism; Dr. Jerry Johnson, professor of economics and director of the Business Research Bureau, University of South Dakota; and Lloyd Keszler of McDonald's Vacation Travel Service, from Rapid City.

I would add that we have some coffee around here. I am going to buy everybody coffee on a continual basis this afternoon. I do not want any witnesses to be without a good supply of coffee.

With that I am going to call on Martin Darity to head this off.

STATEMENTS OF MARTIN DARITY, ASSISTANT SECRETARY OF COMMERCE FOR TRAVEL AND TOURISM, DEPARTMENT OF COMMERCE, ACCOMPANIED BY JAMES C. WILLIAMS, DIRECTOR OF THE OFFICE OF MANAGEMENT AND ADMINISTRATION; DR. JERRY JOHNSON, PROFESSOR OF ECONOMICS, AND DIRECTOR OF THE BUSINESS RESEARCH BUREAU, UNIVERSITY OF SOUTH DAKOTA; AND LLOYD KESZLER, McDONALD'S VACATION TRAVEL SERVICE

Mr. DARITY. It is good to be back in South Dakota. I feel as though I am out here so much I ought to be paying taxes. It is always a pleasure—

Senator PRESSLER. You can do that.

Mr. DARITY. It is a pleasure to see you and be back in South Dakota.

We have here Jim Williams, Director of our Office of Management and Administration in Washington. He is married to the daughter of the late Senator Francis Case and Mrs. Case, who has very strong connections here, and I brought him along as a good right arm.

Senator PRESSLER. We are very glad to have him here. I have seen him in Washington occasionally.

I believe your mother-in-law lives in this area.

Mr. WILLIAMS. She lives in the Black Hills Retirement Home in Rapid City, right now.

Mr. DARITY. Senator, I would like to submit a copy of my prepared testimony, and with your permission, I would like to make just a few comments on some points in it, if I may, before your questions. Is that all right with you, sir?

Senator PRESSLER. Fine. Can people in the back hear?

Mr. DARITY. This is an opportunity to come and talk to the people. As you outlined in your opening statement, it is in the local communities where the action of this great Nation is, and the fastest growing sector of our economy has been the service industry over the past several years. Travel and tourism is the leading part of this great industry of ours in the export of services. We are moving from an industrial revolution of exporting products to the export of services, and that is where travel and tourism will have its greatest effect.

Looking over the figures for 1982, to give you some idea of how tourism is making a contribution to this Nation, almost \$200 billion in national income created in the travel industry supported seven million jobs, included \$14 billion in export earnings, and contributed \$18 billion in tax revenues. Ninety-eight percent of the businesses in the travel industry are recognized as small businesses, so this is an industry putting people to work at all job levels.

Many regions and communities can expect the travel industry to become an increasingly important source of economic growth, jobs, tax revenues, and, in general, a more significant part of the fabric of community life. A few regions may experience some of these benefits simply because the tourism industry will continue to grow.

Most areas, however, cannot expect such benefits unless they take an active part in fostering tourism to their communities. Current eco-

conomic conditions suggest strongly that communities and regions will have to take the initiative.

The growth must come from the support of the communities in the region working together to create this. There are a number of industry programs in these communities and areas to work with to bolster the travel industry and expand it even more.

First of all, effective analysis of the situation and better planning can help assure that growth in tourism will be compatible with other components of community life. Industry, business, culture, citizens' goals and perceptions, natural resources, and the other elements that are unique to each community should be considered.

Another point is inventories and measurements of an area's resources. Let us look at what we have, make plans to develop those resources, and let us share them with other people. For many communities, tourism is going to be the best opportunity for economic growth.

There is emerging industrial growth, and if it comes to a small community for various reasons, enthusiasm for tourism will come with it. From a tourism point of view, creation of jobs benefits all the community working together.

Another thing should be in local citizens' plans. This is a program the local people would plan rather than one bureaucracy. State or Federal Government might suggest. We must have a plan from a local level and involvement of the local people to make it succeed. This should be their program and their success in their own way.

For many rural areas and small towns and cities, economic growth through large scale industrial development is not feasible. Tourism development offers available alternative.

Travel and tourism is an industry and it is one that is involved in every business in the State of South Dakota. Every business, mark my words and mark them well, and may this go out in the news media throughout this great State and great Nation of ours, derives directly or indirectly a benefit from the tourist dollar.

We have a tourism industry, and everyone in this field knows it is a real industry. It is no longer considered just a leisure time option. We might look at it as a holiday or vacation time, but the people who are waiting tables, and the people who are cleaning hotel and motel rooms, the people who are working in our great national parks and our State parks and other programs know it is a real business. And we must look at it as a sound business proposition.

I have here copies of a Missouri report done by the University of Missouri and I would like to leave copies with the committee. This publication is in six volumes, and if any of your communities in your State would like to have them, as long as the supply lasts, you are certainly welcome to them with our compliments.

We also have a manual for community and business development entitled "Creating Economic Growth and Jobs Through Travel and Tourism." I have a copy of that available that we would be pleased to share it with the people here in South Dakota.

Sir, I call my work in this travel industry the labor of love. I am among people who have demonstrated through their belief in the industry, their belief in this great State, and their belief in this great democracy, to be a part of this industry. It is indeed an honor to be

here and I salute you in your efforts to come to the grassroots. This is government in action.

We are here to answer any questions. We will stay here for the next 3 days or longer, if necessary, to assist you and your people.

Thank you, sir.

[The statement follows:]

STATEMENT OF MARTIN J. DARITY, ASSISTANT SECRETARY FOR TOURISM MARKETING,
DEPARTMENT OF COMMERCE

Mr. Chairman, Members of the Committee. I am pleased to be here today to testify on the impact of tourism on rural economies.

The fastest growing sector of the United States economy over the past several years has been in the area of services, and one of the largest segments of the service industry is travel and tourism. Tourism is not just a leisure-time activity; it is an agent of development and income. Look at the numbers in 1982: Tourism contributed almost \$200 billion to national income; supported almost 7 million jobs; generated \$14 billion in export earnings; and contributed \$18 billion in tax revenues.

Many regions and communities can expect the travel industry to become an increasingly important source of economic growth, jobs, tax revenues, and, in general, a more significant part of the fabric of community life. A few regions may experience some of these benefits simply because the tourism industry will continue to grow. Most areas, however, cannot expect such benefits unless they take an active part in fostering tourism to their communities. Current economic conditions suggest strongly that communities and regions will have to take the initiative.

There are a number of incentives for local communities depending on rural economies to play an active rather than a passive role in tourism development. I submit that:

(1) Experience has shown that a higher rate of growth can be achieved with integrated planning and coordination than without it.

(2) Effective analysis and planning can help to assure that growth in tourism will be compatible with other components of community life—industry and business, culture, citizens' goals and perceptions, natural resources, and the other environments that are unique to each community.

(3) Inventories and measurements of an area's resources, potentials and environments provide benchmarks for assessing progress and adjusting plans to accommodate changes in local environments or in the demand for travel and tourism resources.

(4) For many communities, especially in more rural areas, tourism may be the best option for growth and new jobs, but these benefits will rarely be achieved without an organized tourism strategy.

(5) Plans designed by local people who have a personal commitment to the community are most likely to be effective and to be compatible with the various environments of the area.

For many rural areas and small towns and cities, economic growth through industrial development is not feasible. Travel and tourism is an industry which appears to have done one of the greatest potentials for such areas, because it does not depend on large scale existing infrastructures such as electric power and other utilities, high volume transportation systems, or a large and trained labor force.

A variety of activities are involved in designing and implementing a community tourism development strategy. These include gaining cooperation and suggestions from the community, developing a base of information, analyzing and interpreting this information, specifying a marketing plan—including both short run and long run components, identifying potential sources of funding and obtaining the necessary funds.

There is available from the Department of Commerce an excellent manual entitled "Creating Economic Growth and Jobs Through Travel and Tourism" which explains in detail some of the ideas I have outlined.

If all segments of the industry work closely together in our various local communities, tourism will be an important factor in our economic recovery and in our efforts to create new jobs. This will serve our national interest and benefit all Americans.

Thank you.

Senator PRESSLER. Thank you very much.

Jerry.

Dr. JOHNSON. Thank you.

First of all, thank you very much for the opportunity to be here. When Kevin called, I welcomed the opportunity. We certainly welcome you to the State of South Dakota, to come back and certainly listen to those who are in the tourism industry.

For the past several years, in the position which I currently hold, I have had the opportunity to become very familiar with the state of the economy of the State of South Dakota. Travel and tourism are certainly an important part of the State's economy.

I would like to address the importance and the significance of the travel and tourism industry in South Dakota, as well as highlight what I believe to be the need for expanded monitoring of the travel and tourism industry. Title I, section 101(b), Public Law 97-63 for the first time established a national policy on travel and tourism.

I would like to begin by applauding this action on the part of Congress. Now is the time to move in the implementation of the provisions of that law. I will not make an effort to address all these provisions. Instead, I will focus my comments specifically on two provisions.

The first of these states that the national tourism policy is established to "optimize the contribution of the tourism and recreation industries to economic prosperity, full employment, and the international balance of payments in the United States."

To an economist, the primary economic activities of a community are those activities generated by the primary or dominant industry in a community. It is the economic base of the community.

About the primary base we find, of course, the tertiary or support industries. The travel and recreation industry in a number of the communities in South Dakota is the primary economic activity of that community. Thus it is the economic base of that community. Thus economic prosperity of that community depends upon the economic health of the travel and recreation industry.

We must never forget that in many of these communities, it is very important that that health continue to exist. Most estimates of total spending by travelers in South Dakota range anywhere from \$300 to \$400 million a year. Of the \$300 to \$400 million, it is estimated that roughly 60 percent of these dollars are from out of State. Though the source makes little difference to the community and the State, these are important injections into their economies.

The process by which these dollars are transmitted to the economy is widely known as the multiplier effect. It is difficult to estimate or to find an appropriate multiplier to use. If we suggest a relatively low multiplier of two, I think the impact of these dollars in these communities becomes very obvious.

Further evidence of the importance of the contribution of the industry can be shown by looking at the total personal income generated by travel and recreation. Of total nonfarm income generated in South Dakota in 1982 between 17 and 18 percent was attributable to the service industry. Travel and recreation services are an important part of that total.

The private sector of the service industry was the largest single contributor, followed by the retail and manufacturing sectors. There

are those, and many people in South Dakota are unaware of the very high level of contribution of the service industry generation of income for South Dakota. I think we also should note that in many ways those dollars and that income contributed to the retail sector are also, at least indirectly, attributable to travel and recreation.

Its importance is further evidenced by looking at the travel related business categories of taxable sales collected in South Dakota. For 1982, \$539.4 million in taxable sales was generated in the eating and drinking places, hotels, motels, campgrounds, gas and service stations, and miscellaneous recreation services categories.

This was 24.01 percent of total taxable sales by retail firms and 14.37 percent of total taxable sales in the State for the year. Again, all of these sales cannot be attributed necessarily to travel and recreation, but the total is clearly very significant.

Also, if you look at the employment opportunities that have been generated by travel and recreation. Of those estimates that I find, the estimates of total employment in the travel and recreation industry, most of those run somewhere between 30,000 and 35,000 jobs. Of total employment in South Dakota, this is probably approximately 16 percent.

As was true with spending, I think we should also keep in mind availability of jobs within the travel and recreation industry. Remember that this also induces additional jobs in some of the other tertiary or secondary areas within these communities.

In summary, I think it is very clear that the travel and recreation activities represent a primary economic base for many of these communities. I would also like to very briefly direct your attention to section 101(b)11, which states that the national tourism policy is to assist in the collection, analysis, and dissemination of data which accurately measures the economic and social impact of tourism, and so forth.

In general, of the data available on the South Dakota economy, the least readily available and reliable is information on travel and recreation. To my knowledge, no comprehensive ongoing effort is currently in place to collect such data.

Up to now, data collection has been primarily on a project basis and has not been attempted in the comprehensive manner necessary to provide the depth for such staff who can do the sort of planning that is necessary. Those persons can establish markets, defining the market segment, target their advertising, or packaging opportunities to meet the needs of those seeking the services of the recreation industry.

Finally, again let me applaud the Congress for establishing the national tourism policy. It is important that access to knowledge of our way of life be afforded both residents of the United States as well as those of other countries.

I think earlier you alluded to the need for education, as well as for the dissemination of this information to foreign countries. There is no question that this is necessary. In order to implement the national tourism policy it seems to me that what we need to do is focus on removal of those restraints. We place barriers on travel opportunities.

Finally, I would like to speak a little bit from my heart. About 10 years ago, I began coming to the State of South Dakota and became acquainted with the economy of the State of South Dakota. At that

time, in the tourism industry in South Dakota, little effort was necessary in order to sustain that industry. It seems that, in the past, what happened was that in general the tourists just came.

In about 1978, 1979, we saw a turnaround. We saw suddenly no longer did that tourist come voluntarily. Similar to the banking industry, it seemed to me that those in the tourist business then discovered that it was necessary to become a businessman.

Let me say that I must applaud the members of the tourist industry. In the last 5 years, many of them have become businessmen. For the first time, they now are working together in this and, quite frankly, that is what is necessary.

Thank you very much.

[The statement follows:]

STATEMENT OF DR. JERRY JOHNSON, PROFESSOR OF ECONOMICS, UNIVERSITY OF SOUTH DAKOTA

Mr. Chairman, Congressmen, ladies and gentlemen, my name is Jerry W. Johnson. Since 1967 I have served in several capacities while associated with the University of South Dakota in Vermillion. Currently I am Professor of Economics and Director of the Business Research Bureau in the School of Business. In these capacities I have had the opportunity to become very familiar with the economy of the State of South Dakota. Travel and tourism is an important part of the State's economy and I would like to address this importance as well as highlight the need for better acquainting ourselves with it.

Title I Section 101(b) Public Law 97-63 for the first time established a national policy on travel and tourism. I applaud this action on the part of Congress. Now it is time to take action in its implementation. I will not make an effort to address all of the provisions of the policy statement. The focus of my comments will be to specifically address sections 101(b)1 and 101(b)11.

Section 101(b)1 states that a national tourism policy is established to "optimize the contribution of the tourism and recreation industries to economic prosperity, full employment, and the international balance of payments of the United States". To an economist the primary economic activities of a community are those activities generated by the primary or dominant industry(s) in the community. Secondary or derivative economic activities represent those activities which support those employed in the primary industries. The travel and recreation industry in a number of communities in the State of South Dakota is the primary economic activity and represents the economic base of the community. Thus the economic prosperity of those communities depends upon the economic health of the travel and recreation industry. It is important to recognize that to speak of the health of the firms directly participating in the industry is at the same time an indication of the health of the secondary firms. This is particularly true of the communities which do not have an alternative income and employment generating activity.

Most estimates of total spending by travelers in South Dakota range between 300 and 400 million dollars a year. Though difficult to estimate it is estimated that roughly 60 percent of these dollars are from out of state. Though the source to the individual firm makes little difference, to the community and the State these are important injections into their economies. The process by which these dollars are transmitted through the economy is widely known as the multiplier effect. Though identification of an appropriate multiplier to be used is difficult, assumption of a relatively conservative multiplier of 2 suggests a sizable contribution of these new dollars to the economy. An analogous argument can be made for foreign tourists dollars as well.

Further evidence of the importance of the contribution of the industry can be shown by looking at the total personal income generated by travel and recreation. Of total non-farm income generated in South Dakota in 1982 between 17 and 18 percent was attributable to the service industry. Travel and recreation services are an important part of this total. In the private sector the service industry was the largest contributor followed by the retail and manufacturing sectors. Not all income generated by the services industry is due to travel and recreation.

However, on the other hand, a portion of income attributed to the retail sector is due to the travel and recreation industry. Regardless of how the income is counted the relative magnitude of the service industry in relation to the other sectors does suggest that it is very important to the State.

Its importance is further evidenced by looking at the travel related business categories of taxable sales collected in South Dakota. For 1982 539.4 million dollars in taxable sales were generated in the eating and drinking places, hotel/motel, campgrounds, gas and service, and miscellaneous and recreation services categories. This was 24.01 percent of total taxable sales by retail firms and 14.37 percent of total taxable sales in the State. Again, though not all these sales can be attributed directly to travel and recreation, the total is very significant.

Finally, estimates of employment opportunities provided by the industry range from 30 to 35 thousand jobs. Of total employment in South Dakota this is approximately 16 percent. As was true with spending, availability of jobs due to the dominant economic activities results in further induced employment activities. No good estimates of these induced employment opportunities are available.

In summary, for many communities travel and recreation activities represents the primary economic base. As alternative activities do not exist not only do firms who are direct participants in the industry depend on travel but the same is also true of the support firms.

Section 101(b)(11) states further that national tourism policy is to "assist in the collection, analysis, and dissemination of data which accurately measure the economic and social impact of tourism to and within the United States, in order to facilitate planning in the public and private sectors". Similar to other industries the travel and tourism industry has a product to sell. In their case the product is a service. To sell their service success depends upon the development of a coordinated marketing plan. To develop such a plan knowledge of the market they are addressing is vital.

In general, of the data available on the South Dakota economy, the least readily available and reliable is information on travel and recreation. To my knowledge, no comprehensive ongoing effort is currently in place to collect such data. Up to now data collection has been primarily on a project basis and has not been attempted in the comprehensive manner necessary to provide the depth for planning purposes. For those concerned with marketing this is a serious weakness. The travel and recreation industry is no different than any other industry yet they lack the necessary information to define their market segment, target their advertising, or to package opportunities to meet the needs of those seeking their services.

Let me summarize my comments by again applauding Congress for the establishment of a National Tourism Policy. It is important that access to knowledge of our way of life be afforded to both residents of the United States as well as those from other countries. Knowledge of cultural uniquenesses are important in understanding our neighbors both at home and abroad. One of the benefits of expanded cultural and economic relationship is the harmony of interests which can accrue. Though I have focused my attention on the economic benefits to the State the real goal of travel and recreation is establishment of this harmony of interests. Implementation of this policy should be focused on removal of those constraints which place barriers on travel opportunities.

Senator PRESSLER. Next I call Lloyd Keszler. And I would like to introduce John Hardy, minority staff aide.

Mr. HARDY. Thank you very much.

Senator PRESSLER. If you have questions as we go along, that is fine. I also forgot to thank Bob Reynolds, director of Rushmore Park, and his entire staff for their great help in setting this up. I wanted to say that.

Lloyd.

Mr. KESZLER. Thank you. I am pleased to be here and I am pleased you brought the committee here to hear the problems of South Dakota in our great State.

I am Lloyd Keszler, owner of Vacation Travel in Rapid City. I have owned it for about 3 years and prior to that was executive secretary of Black Hills, Badlands, and Lakes Association for about 17 years.

Travel is the No. 2 industry in South Dakota, so we in the State are very aware of and rely very heavily on the industry.

The U.S. Travel and Tourism Administration is a vital tool to promote travel to the United States, both domestically and internationally. Naturally, due to the balance of trade, they lean more toward the international.

In regard to the travel in this area, foreign travel is almost nonexistent, or shall I say a very small percentage of our total travel is foreign, with the exception of Canada, and there are reasons for this. The cost of getting to the interior of the United States is very expensive in comparison to the rest of their trip.

The amount of time that the average foreign traveler spends does not give them time to spend exploring the interior regions of the United States. And the cost of the packaging and caring for the foreign travelers, at the present time in South Dakota, basically outweighs the profits to promote this type of business.

In order for this area to expand, I would like to suggest the U.S. Travel and Tourism Administration set up regional offices with people knowledgeable about local problems to assist the regional areas to become more involved in the foreign travel market and to expand domestic travel. I would like to see the U.S. Travel and Tourism Administration devote more of their time and efforts to promote domestic travel, especially in areas such as ours.

Through these regional offices, the U.S. Travel and Tourism Administration could assist the States, regional, and local areas to promote their areas. Assistance could be given in the following ways: Liaison with travel writers such as the Society of American Travel Writers national convention we brought out here in 1973. Assist in packaging tours, both foreign and domestic, to the area. Assist with familiarization tours brought into the area. Encourage the newspapers to help promote travel through travel sections, not only internationally but domestically.

I might say that if you read the travel sections of most of your newspapers, about 90 percent of it is on travel from the United States to foreign countries. I would venture to say that maybe 10 percent of the people travel foreign, so I sometimes think they should get back to promoting the States, not only South Dakota, but other States. And I think this could be encouraged through the U.S. travel service. Encourage better travel communications.

I visited with personnel in the U.S. Travel and Tourism Administration in regards to packaging foreign tours to this area. They really suggested that maybe we look more to the domestic market, as it would be a more profitable area for us at this time. I appreciated their honesty and their interest.

South Dakota, from a State level as well as private enterprise, sends many dollars to promote travel and I would like to see a marriage of the State Travel and Tourism Administration to expand both domestic and international travel.

And in closing, I really feel very strongly that this would be accomplished through a regional office concept rather than feeling like an orphan child so far away. I appreciate your taking the time to come into the area and thank you very much.

Senator PRESSLER. Thank you.

And, Jim, we would like to hear something from you during the questions. Let me ask Jerry Johnson a question.

I was fascinated about what you said about analyzing tourism in South Dakota, or maybe the lack of analysis, or of a comprehensive picture. What has been done, and what needs to be done in this area? How could we do it, and how much will it cost?

Dr. JOHNSON. It seems to me one of the difficulties we have encountered is in, particularly prior to 1980, roughly 1978, 1979, the need for that day certainly was not what we have today. The result was that we really never focused on collecting what might be specifically defined as "travel and tourism data." Now, travel and tourism data is probably the most difficult data there is to collect, and the problem you encountered is that it is difficult to define the difference between a traveler and a tourist. Certainly, in the records that we formally look at, we really cannot depict this.

The result of this difficulty is that it seems to me what may become necessary is that some sort of monitoring system is going to have to be put together. There are a number of alternative ways of doing that.

Conceivably, one approach may be, well, to put together some sort of a survey system. Now, the potential cost of a survey system of this nature I really do not know at this point. It does not seem to me, however, it would have to be necessarily all that expensive.

The important aspect would be the initial stage and that would be the design stage. I guess what I am suggesting is that for those in the tourism industry, the future basic question that they need to ask and you are beginning to ask is: What are the motives of those who are traveling to South Dakota? Why do they come here? How do we address them? Who are they? How do we go after them? What are the characteristics of those individuals?

That is the kind of information we need to put together because, if in fact you are packaging travel opportunities, you need to know what the nature of that package is. So you need data in order to address that problem.

Senator PRESSLER. I think that is a great thought. Kind of a comprehensive approach to know where we stand. It would serve two purposes. It would get the information out more to the man on the street on the importance of the travel and tourism industry.

I still find this attitude that tourism is simply going to happen, or that somebody else will make it happen in our country.

When we passed the National Tourism Policy Act—I am pleased you mentioned that—it provided that each agency had to participate in an overall review of tourism programs. The State Department said, what do we have to do with tourism? I have written a letter to Secretary Shultz, and I will ask him about this when it comes up before one of our committees, about the possibility that there be a foreign service officer in every embassy designated to be an expert in tourism. He would do other things besides that. But, for example, we already have some who are designated to be experts on exports.

Certainly it is just as important that we have someone designated as an expert on tourism. It would not cost any more money. Some of these programs we are talking about would not cost any more money; simply using existing facilities.

We would also have the worldwide communication system under which we could have each State describe 10 points of destination. For example, there are many things that could be done without really spending a lot more money. I think on the State level and on a regional level that would be very important.

I very much appreciate your comments and I know of your good work at the University of South Dakota where I spent some very pleasant years.

Mr. DARITY. Senator, we are conducting a survey right now, for the first time with several airlines joining in, who give us for the first time some up-to-date data that is usable. Who these travelers are, where they are coming from; if they are going to stay in hotels or motels, with friends; coming on business or pleasure; and how much money they will spend; how long they will stay by destination visited.

We are working out subscriptions and sponsorships with the States and the communities, as they try to put this type of information to good use. If the State would like to have, or the community would like to have some information, we can break it right down to this information level for them. This is available to them on a participation basis. I would like to share that information with you.

Senator PRESSLER. That is very useful to know.

Lloyd, you talked about the prohibitive costs of tourism packages. Exactly what are the major obstacles to this and how can we overcome it?

Mr. KESZLER. Well, on the packaging tour at the present time, by the time you put the brochure costs together, put the people together to run the tours, to meet the people coming in, set up the whole tour, and end up with what the USTTA told me, maybe 50 or 60 tourists, foreign visitors, here for the first time, you are really costing yourself a lot of money with no income.

I think that what we have to do is come up with a packaging plan that will bring us more to start with, maybe 500 or 600 people.

Senator PRESSLER. That would address some of the prohibitive costs, is that right?

Martin, maybe you have a comment, too. How can we in South Dakota get our fair share of the national picture? How can we increase our share out of the national hotels that advertise in the big cities, and the great resorts? What advice do you have?

You have been in our State before and you have a nationwide view of this thing. What advice would you have for us here in this State to be sure that we get our appropriate share of the tourism dollar?

Mr. DARITY. Let me say this, Senator. To start with, this beautiful scene we see out behind you is probably one of the most beautiful scenes publicized in this Nation of ours. It is identifiable, so you have a plus factor going for you. And to reinforce what Lloyd had to say, the first thing to do is to get the story out, to get the people interested in this area, in the foreign market.

First, have a journalist write about these things that we have here in South Dakota. Then, from that interest building up, the other people will come into the packaging program. This set of books that I alluded to in my testimony to you outlines it in these volumes.

First of all, you have to start with the people in the area from where the tourist is coming. They have to accept the idea, have to want to be a part of this. This is the thing you want to do for them. There is a role for them to play in this program. There was talk of this over the lunch hour; Dr. Johnson mentioned it.

People in the insurance business are not going to sell any insurance to foreign travelers. They do not see a direct relationship. But people have to realize that we are all in the travel business; we buy insurance; we buy shoes; we buy clothes; and we buy food; and those dollars are recirculated in the local economy, as you referred to earlier.

But the community itself must prepare and evaluate what they are and develop a program for tourism and then assess their product. How will it fit in with other products? If we have identified a request to make, work toward that goal. And then also be sure that if you go in the wrong direction you can back up and go another way. Something that is set up to work today might not work tomorrow. Travel and tourism is an ever-changing market. The one point is dedication and devotion to the industry.

Senator PRESSLER. How about small rural communities that do not have a major attraction?

Mr. DARITY. Sir, I was in a city the other day and they were doing an evaluation. It was not in this State. They said, "We have nothing to sell. We do not have a mountain, do not have a lake, do not have a river."

So they went out, they went down to the hot Arizona desert and said, "Come in and cool it with us." The tourism just shot up like nobody's business. So they created it. We can take what they have and work it into our program. We can bring travel inward from any seaport.

Senator PRESSLER. We thank you for your cooperation. We have worked hard in our office to get these people to come to our side. Also, I very much appreciate your efforts in having us speak to the foreign tour operators who were here.

Let me ask you a question. The Under Secretary has resigned to go back to California. So probably, at this moment, you are here as one of the top tourism people in the U.S. Government.

You can give me a commitment here. Now we currently have six foreign USTTA offices functioning?

Mr. DARITY. Yes.

Senator PRESSLER. Some of the tour people the other day said that some of the South Dakota information was not as available at some of those offices. Will you check that and make sure they have got it? The State will provide you with plenty of information to make sure that in the six offices we have, South Dakota materials are displayed very prominently.

Mr. DARITY. I make a commitment and dedication at the same time, Senator. I must add, in our Canadian office and London office, English is very well accepted. When you get to Japan and Mexico, or Germany, or France, these people are somewhat insulted when we give them material only in English.

Some of the people might say, "Well, we cannot go to all this expense." Some people take the brochure and number it and put in an

insert with the different languages in it. In our offices abroad, we will be pleased to translate their brochures into the local market languages.

If we are going to get it translated, it should be done properly. If you are going to get the type set, especially in Japanese, leave that to be set up in Japan, where it can be done and done correctly. Make sure if you translate a brochure into another language, it is done so well it will be understood in that nation.

Senator PRESSLER. Within the borders of South Dakota, I am sure we have that language capability.

Mr. DARITY. Let us check it out for you.

Senator PRESSLER. I see your point very well. I think you have all made some excellent points. In the interests of time I think we will keep moving along.

Dr. Johnson, I was particularly interested in some of your statistical material. I thank you very much. You have been a good panel.

Next, I will call Susan Edwards, a good friend from the Tourism and Commerce Department in Pierre. Also, Ms. Darlene Hofer, and Dale Jensen of Rushmore Photo.

We will hear from Susan first.

Ms. EDWARDS. Thank you very much for inviting me.

Senator PRESSLER. Dick Thompson is not here. He has an illness in his family.

STATEMENTS OF SUSAN EDWARDS, DEPARTMENT OF TOURISM AND COMMERCE, SOUTH DAKOTA; DARLENE HOFER, SIOUX FALLS HOSPITALITY ASSOCIATION, AND MANAGER, THRIFTY SCOT MOTEL; AND DALE JENSEN, RUSHMORE PHOTO, INC.

Ms. EDWARDS. I would, first of all, like to sincerely thank you, Senator Pressler, for putting on a hearing like this. As you know, tourism does not have a lot of visibility in the State. I think what you are doing is really helping to heighten the visibility for tourism in South Dakota and that is what we need. So thank you very much for that.

I have just a few comments. As we all know, South Dakota is a rural State and, compared to many, more populous States, our revenue derived from tourism is small. But tourism does provide a significant amount of money, and Dr. Johnson did speak to this. Those figures come to about a half billion dollars a year, and that really is vital to our economy.

Rural States such as South Dakota have some disadvantages. One, as you know since you lived out and about, we have a very undefined impact and physical limitations. What we do have, I imagine people tend to think that we are a little hot, flat and dry, and boring. Some of the statistics that we have received when we have done surveys have found that people who have not been here do have that image of our State.

But we do have some competitive advantages because we are rural. We have open spaces, an easygoing lifestyle, a low crime rate, friendly people, clean air, clean water, and we offer a healthy environment.

Our communities need to retain and stress our unique attributes for our visitors. But we also need to be aware that the travelers re-

quire sophisticated visitor services and that is where we need to go. If there is a deficiency, in our smaller communities, in tourism, it is a lack of hospitality training.

I do not know if any of you had lunch up here at the mountain, but those people are trained. They are very well trained up here at the mountain and we need that same sort of training all over the State.

When I picked up my lunch today, they said "Have a nice lunch. Can I help you with anything else? Can I show you anything?" They were so service oriented and, as I said, we need that all over the State.

I have actually run in to different properties and said, just to see how they would respond to me, "What is there to do in this town?" and I actually had people say to me, "There is nothing going on." Well, we all know that there is always something going on in South Dakota. We should all have a mental agenda of those things so we can snap them off very quickly. But we need to be enthusiastic and well-trained.

We do have a pretty good training program for our information center staff. We take them on a 9-day motor trip across the State so these people at the information center can tell you what is going on in bear country, or can tell you where the passion play is performing.

Things like this are very important. We call it our en route communications system so once people get to this State, we can convince them to stay longer. In order to have them stay longer, we need to be able to fill them full of information about the State.

As far as domestic travel, we feel South Dakota can increase—we can increase our share of the domestic travel through our own efforts and through regional efforts such as the Old West Trail. We have a prime example of what we can do in our neighboring States to the west.

I think this is a very interesting statistic. The average length of stay for travelers in South Dakota is $3\frac{1}{2}$ days. In Wyoming, the average stay is more than 7 days. One of our goals on the domestic side of tourism is to increase the length of stay. To do that, we need to educate our vacationers before they arrive and during their stay. Here is the key.

I am going to use my lunch experience again because any time I sit next to a tourist, I have to talk to them and ask them how they got here. I sat next to a couple today from Chicago. They had been here before. Eleven years ago they zoomed right through the State. They had no idea what you could do here.

This time they decided to order information from our office. They actually had their vacation guide with them and they are staying here 3 or 4 days and going on. The first time they had no information, they did not stop and ask, they just went on through. This time they got information. And that is the key.

Travelers are becoming much more sophisticated and that was one of the goals with our advertising campaign this year. We wanted to get our vacation kit into the hands of many people, so we used postage-paid insert cards, knowing very well the turnaround would not be quite as high because we made it easier for them to respond.

But we got our packet of information out to more people this year, thinking that they will read it and, sometime down the road, they are going to come to this State. So, educating our vacationers is very important.

On the international level, we need help. There is a disturbing trend, from our tourism picture, which is the decrease we have experienced in foreign visitations, including Canadians, during the past 5 to 6 years. Our best estimates of that foreign visitation is that it has been cut in half since 1977. Foreign travelers accounted for more than 4 percent of South Dakota tourists at that time. Now they account for less than 2 percent.

I suspect it is probably due to the number of States similar to ours. But we need a Federal role to market our States and regions on an international level. We cannot do it ourselves.

We consider it vital that the National Tourism Policy Act and the USTTA it established be backed up by appropriate funding. I know you are working very hard at that.

The mission of the USTTA is a large one and we just need money, as we do on the local level. The dollar return on tourism from the money invested should be self-evident, but it often is not. We tend to see tourism revenues only in the negative sense, as in 1979, look what happened around here.

The tourism slump bankrupted many small businesses, drove others to the wall. People lost their investments, people lost their jobs. The Federal Government added to its debt through low-interest loans to businesses afflicted by disaster. Better and more aggressive domestic and international promotion of our travel attractions is not going to make the travel industry totally safe from such occurrences as in 1979, but I really feel it is going to build an industry with much more inherent strength to survive such calamities.

Finally, we would like to see USTTA become a more forceful advocate of the travel industry in the United States and what place would be more appropriate than with liaison with other Federal agencies whose policies and decisions impact tourism. USTTA is a small agency, but it can certainly access tremendous resources available within other departments of government, which would enhance the promotional mission, avoiding duplication of effort and increasing its effectiveness beyond its funding level.

And, again, in closing, I really think it is great what you are doing, bringing some awareness of the tourism industry home.

[The statement follows:]

STATEMENT OF SUSAN EDWARDS, STATE TRAVEL DIRECTOR, SOUTH DAKOTA

South Dakota is a rural state, and compared to many populous states, our revenue derived from tourism is small. But tourism provides a significant amount of money to our gross state product. In 1982, we estimate travel and recreation expenditures in this state totalled more than \$453,000,000—for a state with our population, a half-billion dollar industry is vital to our economic well-being.

Rural states such as South Dakota has disadvantages in attracting tourists, particularly on the international level, primarily due to an undefined image and to physical limitations of transportation systems. At the same time, we have competitive advantages because we are rural—we have open space, an easy-going lifestyle, a low crime rate, friendly people, clean air and water and we offer a

healthy family environment. Our communities need to retain and stress these attributes for visitors, but they also need to be aware that travelers require sophisticated visitor services, even if they are in a rural area.

If there is a deficiency in our smaller communities in tourism, it is in the lack of hospitality training, as opposed to just being hospitable and friendly. Any banding together of communities for promotion should begin with that training.

We feel that South Dakota will be able to increase our share of domestic travel through our own efforts and through regional efforts. We have a prime example of what we can do in our neighbor state to the west, Wyoming. The average length of stay for travelers in South Dakota is about three-and-one-half days; in Wyoming, the average is more than seven days. One of our goals on the domestic side of tourism is increasing our length-of-stay; educating our vacationers before they arrive and during their stay here is the key.

On the international level, we need help. There is a disturbing trend in our tourism picture, which is the decrease we have experienced in foreign visitations, including Canadians, during the past five to six years. Our best estimates are that foreign visitation in our state has been cut in half since 1977. Foreign travelers accounted for more than four percent of South Dakota's tourists then; they now account for less than two percent.

I suspect this trend is probably true of a number of States similar to ours and suggest that we definitely need a federal role to market heartland states and regions on an international level. We consider it vital that the National Tourism Policy Act and the U.S.T.T.A. it established be backed up by appropriate funding. The mission of U.S.T.T.A. is a large one and must have funding appropriate to its mission.

The dollar return on tourism from the money invested should be self-evident but it often isn't. We tend to see tourism revenues only in the negative sense, as in 1979, when a severe tourism slump bankrupted many small businesses and drove others to the wall. People lost their investments; people lost their jobs and the federal government added to its debt through low-interest loans to businesses afflicted by disaster. Better and more aggressive domestic and international promotion of our travel attractions isn't going to make the travel industry totally safe from such occurrences as 1979, but it is going to build an industry with much more inherent strength to survive such calamities.

Finally, we would like to see U.S.T.T.A. become a more forceful advocate of the travel industry in the United States and what place would be more appropriate than with liaison with other federal agencies whose policies and decisions impact tourism. U.S.T.T.A. is presently a small agency, but it can certainly access tremendous resources available within other departments of government which would enhance its promotional mission, avoiding duplication of effort and increasing its effectiveness beyond its funding level.

Senator PRESSLER. Thank you. We want to thank Susan Edwards for her help in working with the tour. I will have some questions later.

Next, Darlene Hofer, who is with the Sioux Falls Hospitality Association and runs the Thrifty Scot. We thank you very much for being here.

Ms. HOFER. I feel that we are setting out upon one of the most unexplored and undeveloped national industries in the United States, tourism.

One of the major needs is that the development and interest should begin at the national level. When the Government stressed the need for physical fitness, millions of dollars were spent on jogging suits, tennis shoes, bicycles, and related articles. The same principle could be used for the family vacation.

The need for the family to remain as a unit, take the time and play together, should be emphasized. It will not only improve economic problems in all areas of the United States, but may be the answer to the rapid deterioration of family togetherness.

We are living in a more complex and highly technical society which often puts more daily stress upon marriage and family-oriented activi-

ties. The need is definitely there for every person to take time away from their job and enjoy the vacation they deserve. When Ma Bell said, Reach out and touch someone, the full impact of those words really begins when we have people on our highways.

As the hotel manager, I can fully realize how many people are involved and do benefit from travel. In one evening as a desk clerk, we will direct people to a drug store, gas station, restroom, grocery store, laundry and a possibility of 15 different businesses.

We have a natural beauty in South Dakota that offers something for everybody, not only during the summer months but all year long. Everybody is a potential tourist. Travel is not something that should be promoted only for the 3 months of summer. It is a daily job for every business-oriented person, regardless of occupation. More jobs are created when service is needed.

Each locality must develop their own selling point, incite enthusiasm and encourage every visitor to take the time to enjoy what nature has provided and what the surrounding area has developed.

We must have national backing, letting the public know that we have ample gas supplies to travel with. As soon as we can motivate people to travel, our economy will return once more to a prosperous state for everyone.

Tourism and travel are like a rock thrown into the water. Each ring they produce means added dollars and jobs needed for a healthy economy. It will take national, State, and local governments working together to help our tourism industry to flourish once again.

Let us in the tourism-related business not lose sight of the impact of all travel-related business. One season for national travel and vacation will not support us. We must utilize all of our fine facilities in our State for year-round travel. Fishing, skiing, sporting events will have to be emphasized and advertised.

After travelling to the west coast for 10 years in a row to take a vacation, last year we vacationed in the beautiful Black Hills of South Dakota. Five full days were spent enjoying the serenity, hospitality and beauty of the western part of our State. I can now realize and help direct others to take advantage of our natural beauty and opportunities which abide in South Dakota.

Senator PRESSLER. Thank you very much.

Mr. Jensen.

Mr. JENSEN. Thank you, Senator. When I first started in this industry, oftentimes I would leave up here in the hills and, on my way to Rapid City, I would see 45, 50 carloads of people who had to stay in their automobiles because there were not any rooms available. When you look at how we have developed, we have thousands of first-class sleeping accommodations, excellent restaurants, a tremendously improved road system, an airport with international airlines connections. I think probably we have come a long, long way.

In many instances, as Susan said, our choices of entertainment in South Dakota, from the Badlands and the rivers to Mount Rushmore and the Needles, we have more things than they really have time to see.

Some feel we have perhaps overbuilt the industry with the current recession now going on. But the tourism industry has held up better than most others. And I feel that, much to the sadness of the farmer

and rancher being in a real tough situation, I think the State and local governments are looking to tourism now. I hope it is not all for taxes.

The farmer and the rancher are the only creators of new wealth. The rest of us merely turn and redistribute that wealth. And I think the sad partnership between what has happened in Government regulations and our farm exports is a tragedy.

Therefore, I become a little reluctant to deal with the Government that has based our export program on feeding our number one enemy, Russia, to hold our economy up in South Dakota. But I think we can perhaps work within this system.

I think, and I think many citizens feel, that the bureaucratic system is slow and unresponsive, and I think most of our elected officials that we sent off to Washington and left in a bureaucratic jungle are left confused and bewildered.

I think in South Dakota, funding, certainly for tourism, has not increased in proportion to growth. I worked on a private sector tourism promotion called Tourism 80. We had a very successful year, as much as we could, but people are reluctant to put private dollars into a pool and there is no real fair way.

So, in my mind, I feel the fairest way would be to take a percentage of the money that is directly generated in South Dakota by the travel industry and return a percent of this, or $1\frac{1}{2}$ to 2 percent to the tourism bureau for funding and our national and international advertisements. I think our national tourism policy is itself unknown. I am past president of the Postcard Distributors Association of North America. We have members from all over the United States and a lot of members in Canada.

We have fought long and hard for your S. 212. We have sent letters from all of our people that are in our industry, and all the people that are in the main tax sharing industry, and souvenir trade. We feel that it is not only just a little bit necessary but really important.

I think you need to work with these other countries. If we are going to help support them in the billions of dollars that we do, they certainly have to make available to you an opportunity for their citizens to travel.

Here are many, many foreign citizens that are not even allowed to take enough money out of the country to even make a trip over here in the first place. If we are going to have our doors open to free trade, we need some better bargainers in Congress. I think we are giving away far too much in our import-export trade compared to what we should be doing.

Why South Dakota? What do we really have? I have always said we cannot really "out-scenic" anybody. We do not have prettier lakes, mountains, or plains. We do have the finest network of private attractions, State parks, national parks, all within a 60-mile radius of Rapid City, of any location in the world. We are the heartland of America.

Certainly the foreign sister will find more here than anywhere else giving a basic example of what America is all about. We have farms, ranches, great prairies, the Black Hills, the great lakes, and we have the best people, both in attitude and commitment, to see that our travelers are fairly treated.

With this attitude, what could be the problem? I feel we are blessed with almost too much independence. Everybody is trying to do their own thing and going their own way.

In South Dakota, in advertising, we have a vacation guide, Old West Vacation Guide, and other private attraction guides. I think we could compile all these things and come up with a single informational booklet on South Dakota. These are the things we have been working for and, hopefully, they will come about.

I do not know what kind of a system the National Government can come up with as far as funding. I am proud of your work toward getting the \$13 million. I look at that as a basic drop in the bucket for what can be accomplished with that. I guess I do not have too much real optimism about the fact that we are going to work together and get this all done.

I see too many Government offices that really do not pay attention to the guy on the street. And as a small businessman, we spend half of our time filling out our forms that the Government keeps promising will become easier, but they never do.

As far as the economics, growing up in Rapid City all my life, I watched Rapid City become the business hub of working South Dakota. This has been unfortunate for Custer, Hill City, Hot Springs, Spearfish, and Wall. Those towns would be dead today if it were not for their efforts, individually organized, in the travel industry.

They each have had to pull together with some minor or major attraction. I think it has really helped carry them through this recession in the farm and lumber sector.

As the great manufacturing revolution continues, and I do not really understand it, but it appears we are losing a great deal of our markets to imports. I agree with my friend here. We certainly are going to need a vacation.

We are going to need places in the United States where employees can go to regenerate. Resorts in the United States. This, I feel, is what we need in western South Dakota. We need them all over, but I have a tendency to speak from right here.

Most of the prime real estate in the Black Hills is owned by the State or Federal Government. How in the world can we pick out a piece of property and develop the resort on it, if we cannot find any real estate? We have one of the most beautiful State parks that anybody could have, Custer State Park, but there is no real development there.

They do not have a swimming pool, tennis courts, or a golf course on the 40,000 acres. I wonder if everyone would want to hike through the wilderness? I think we need these things developed. If Government will not work with private industry on this, then I do not see—in the case of Custer State Park, that they do not want to develop it. I think we should sell the property and allow private industry to develop that.

Last but not least, a little plug, I guess, for my own industry. Those of us in the postcard industry feel we provide the least expensive advertising for any locality. Picture postcards are mailed to friends and relatives around the world and help to create thoughts of wanting to go there. Our industry has been having a lot of trouble because of postal rate hikes. And we fought the postal department and, again, Congress on the expenses of that.

We feel that a simple postcard will get viewed and looked at many, many times over. I had another idea since, from many of the foreign people, we get a lot of letters every year requesting picture postcards, that this map might be an idea. The Government, even through our

organization, we can provide you with thousands of postcards from all over the United States. The foreign traveler could write in and you could provide them for a nominal fee, whatever it would cost you to do this.

I would really like to thank you very much.
[The statement follows:]

STATEMENT OF DALE JENSEN, RUSHMORE PHOTO, INC.

After 18 years traveling the highways of South Dakota servicing all segments of the tourist industry, I can't help but approach a hearing of this type with mixed feelings. Often in the past during the peak of the season, you could find 40 to 50 cars parked along the road from Rapid City to Mt. Rushmore. No rooms were available so they slept in their cars. Today, we have thousands of first class sleeping accommodations, excellent restaurants, a tremendously improved road and transportation system, airports with airlines connecting all over the world.

In retrospect, these are stunning advances to witness over a thirty year period.

Today, the choices of entertainment and recreation through the many attractions, and the unusual landscapes (from the Badlands National Park to Harney Peak) give the traveler more things to do than they have time for.

Today, many would say the tourist industry has over built. The recession has made us look to new markets. The tourist industry has never gained the status it deserves in South Dakota. But now with the rancher and farmer in depression, the local state, and federal governments are looking for another mule to generate revenue, and tourism is being more closely observed. Hopefully, to a mutual benefit for all.

The farmer and rancher are the only creators of new wealth; the rest of us merely turn over and redistribute that wealth. The sad partnership between the government regulations and farm exports is a tragedy. When we have become dependent on exporting food to our number one enemy, Russia, in order to maintain a sound economic base, there are grave problems on the horizon.

Therefore today, we will try to work within the system and hope that something constructive will result. I feel that most citizens today have a strong reluctance to join hands with government. The system is slow and unresponsive and the elected officials we send off to the Bureaucratic jungle are soon left confused and bewildered.

In South Dakota, funding for national advertising has not increased in proportion to growth. And the market is more competitive as other states realize that the size of the travel pie is worth fighting for. The only fair way is to return a percent of the tax revenue generated by the tourist industry to the department of tourism for funding. On the international level, the United States sits all dressed up for a party but forgot to send out the invitations. Our National tourism policy is almost unknown. As a past president of the Post Card Distributors Association of North America, I have sent our mailings to all our members and manufacturers that attend the souvenir and gifts shows to write their Congressional and gain support for Senator Pressler's bill S212. If we are supporting nations in the billions, their governments must allow those citizens an opportunity to visit America. Often they are not allowed legally to take enough money out of their country to make a trip around the world. We open our doors to free trade, but never bargain for reciprocity or for things we desperately need. The travel industry is rapidly approaching the basic philosophy of dry land farming. A risky, volatile business that always has a "next year."

Why South Dakota? What do we have? We cannot "out scenic" anybody. We don't have prettier lakes, mountains, or plains. We do have the finest network of private attractions, state parks, national parks all within a 60 mile radius of Rapid City of any location in the world. We are the heartland of America—certainly the foreign visitor will find more here than any where else to give him a basic sense of freedom and democracy. We have farms, ranches, great dams, prairie, the Black Hills, and the best people both in attitude and commitment to see that our travelers are fairly treated.

With this attitude, what could be the problem? We are blessed with too much independence—everyone is doing their own thing. Huge sums are spent by private companies from airlines to attractions to command their share of the business. Government needs to share the tax revenue and return with advice and assistance in opening foreign markets.

Are we likely to work together? Only if the Bureaucratic process is streamlined and responsive. Today, by the time they find a solution, the problem has changed. As Rapid City has become the business center of Western South Dakota, the small towns of Custer, Hill City, Hot Springs, Spearfish, and Wall have organized and developed their tourist industries that helped carry them through this recession in the farm and lumber sector.

As the great revolution is continuing in manufacturing, and we appear to be losing our domestic share to our import markets, certainly the average citizen needs a break. We are going to need resorts where the U.S. employee can go, to regenerate for a one to two week period.

Since most of the prime real estate in the Black Hills is owned by the state or federal government, we are going to need remote locations developed.

Custer State Park is a perfect example—not a swimming pool, but a tennis court, not a golf course. If the state of South Dakota will not develop these areas, private industry needs a chance.

We in the post card industry feel we provide the least expensive advertising for any locality. Picture post cards mailed to friends and relatives around the world stimulate the memory of an area and help to create thoughts of wanting to go there. The industry has not been able to hold or develop a post card postal rate structure to make this possible. In Canada, the postage costs more than the post card.

Foreign students are very fond of collecting post cards. Perhaps a post card bank of pictures from all over the United States made available through a government office at a reasonable fee to foreign inquiries would help develop interest.

Senator PRESSLER. Thank you very much for that thoughtful statement. There are a lot of things we need to consider very carefully.

First of all, Susan Edwards, I want to praise you and your department for the work you are doing. I would agree with one thing you said. I found, when I talked with some of the groups in Washington, one of South Dakota's disadvantages in attracting foreign tourists is our so-called undefined image, and I have always worked on that.

I have been working with our Secretary of State and our foreign embassy offices to help promote incoming tourism, and I want South Dakota to get a high priority on that. If such a program could be worked out, would South Dakota have adequate and multilingual promotional information to stock those embassy and USTTA offices? That is something in the future. You do not know for sure, but is that something that is in the planning works?

Ms. EDWARDS. I was making Martin promise that he would translate some brochures for us. We have looked into that, in fact. My board of tourism has made a recommendation to at least start with a couple different translations of your Mount Rushmore-Crazy Horse brochures. That is probably our most solid brochure at this point, and it is all priorities.

We do not have the greatest budget in the world. At one time we had a higher-than-average budget for tourism promotion, about 8 to 10 years ago. Now we are well below the average, so I cannot say that we have to—we have a lot of work to do here in our own State, first of all with the budget, and then we do have a lack of information and educational material that we all talked about earlier.

We need a data base, which we are beginning to work on. Our office is becoming more computerized and we have more capabilities to do that sort of thing. So that type of thing is in the works for us, but as far as foreign brochures, the board has made a recommendation to that.

I did receive a letter from Peter McCord the other day and he was proposing that the States go into a split-cost arrangement for bro-

chures and that sort of thing. I would really be interested in something like that. He asked for our reaction to that.

I am going to write back and tell him we are interested but, you know, when you figure we get 2 percent of our tourists from the foreign market, you cannot spend a whole lot of money. Our book has to be in the regions where our customers are actually coming from.

Senator PRESSLER. That certainly is true. Let me emphasize we are much more concerned with domestic tourism and the national picture, perhaps more than its effects are stated here. We have to be looking to the future and to possible change in that pattern. You made a good point there.

Darlene Hofer, you made a good point about South Dakota people vacationing in our own State. My wife, Harriett, and I took a skiing vacation at Terry Peak between Christmas and New Year's and had a great time. We got one letter saying a Senator should not take that much time off, but be that as it may.

Now, from your experience in dealing with the traveling public, would you describe for us the ways in which we could encourage more people to vacation close to home and how we could make people reach that decision?

Ms. HOFER. Well, if you have ever seen a family of five and a dog crawl out of a Volkswagen after 800 miles of travel, they would be looking for larger cars and more gas. That about sums it up.

I think we have discouraged travel. It is there. Everybody wants to go someplace. We have complicated it so badly that we have just plain stopped traveling and that is where our money is.

We were on our way to Keystone yesterday. My husband and I, somehow or other, we dropped \$20 in attractions on the way up. And then toward evening we only walked two blocks on the main street and spent \$90 in two blocks, and we were not supposed to be tourists. So if you just get people out of town and out of their own locality, they are going to spend money. We did.

Senator PRESSLER. I want to thank you.

How do you foresee the future of some of this public land? I was interested in some of your comments on that. We have many opportunities for perhaps more ski development in the Black Hills. You made some clear and forcible statements and you have obviously thought this through. You have lived here all your life.

Mr. JENSEN. I grew up as a rancher. I still have a Government lease. I have felt for the last 30 years that a lot of this land should be sold back into private hands. Many of the local county governments out here in the hills are almost destitute because it is all National Park Service ground.

I think we need remote areas, places for people to go and hike, and wilderness area. I think, as you come up here, if you had been here 30 years ago, you would see how these weeds are taking over. We protect the pine tree until you cannot see anything anymore. It is a ridiculous thing. Now we are burning them in desperation so they can provide food for the wildlife.

I feel that the resort thing, I think we have a big change coming in travel. I think the people are going to go and you are going to see more destination travel. I do not know whether Susan would agree with me or not. At least this is something I feel that we need to work on.

It does not necessarily turn that dollar out to anybody but it gives you a nice atmosphere. We certainly have a nice location for destination travel, but it needs development. It is real hard to find a nice piece of property up in the hills that is not federally or State owned.

I am ashamed of the way this State has not developed Custer State Park. It is a beautiful park and it needs some of those dollars that are generated there poured back into it to make it a resort facility. They need a swimming pool, and they need tennis courts and a golf course.

The demographics of the young travelers, he wants something to do when he gets there. Most of them are not that adventuresome that they want to go hiking off in the woods. Years ago, I watched the campground industry develop. The best and most popular campgrounds were the ones that were planned out side-by-side on the blacktop and that is a hard thing to understand.

The original person leaving the big city or municipality and going on a camping trip, he wants friends around him. He does not want to go off with his sleeping bag miles into the wilderness. Some people do. I think we have to develop for most of the population. We are not a nation of hikers.

Senator PRESSLER. I thank you very much for being here.

I call panel No. 3, which includes a friend of mine, Dennis Bale. We also have Ms. Melva Pederson, Mr. Joseph Meier and Ms. Dawn Mazzio.

I will start out by calling Dennis Bale of Super 8 Motels, which is one of the most amazing stories nationally of making available hotel rooms of a very high quality and at a reasonable rate. It is really a national success story. Goes without parallel.

Dennis.

STATEMENTS OF DENNIS BALE, SUPER 8 MOTELS; MELVA PEDERSON, PEDERSON TRAVEL SERVICE; JOSEF MEIER, BLACK HILLS PASSION PLAY; AND DAWN MAZZIO, OLD WEST TRAIL FOUNDATION

Mr. BALE. I am president of Super 8 Motels, headquartered in Aberdeen, S. Dak. I would like to thank you for the opportunity to appear before the Business, Trade, and Tourism Subcommittee of the Senate Committee on Commerce, Science, and Transportation to express my views on the impact of tourism in the rural economies. With your indulgence, I would like to give you a brief history of Super 8 Motels to provide you with the background for my comments.

The Super 8 Motels is a franchise company domiciled in Aberdeen. To the best of my knowledge we are the only franchisor headquartered in this State. Our first property opened in October 1974 in Aberdeen. Since that time we have grown to a chain of 150 motels located in 23 States and 1 Canadian Province.

Approximately 125 of our properties are located in communities of 60,000 in population or less, including 22 locations in South Dakota. Our projections indicate that we will open one new motel every 8 days during 1983 and 1984.

Senator PRESSLER. Say that again. You will open a new motel how often?

Mr. BALE. Every 8 days during 1983 and 1984.

Senator PRESSLER. That is a group headquartered in Aberdeen, S. Dak.

Mr. BALE. In essence, a substantial part of our income is derived from rural areas. I think it is apparent when I say we are virtually interested in development of tourism in rural America.

I would like to address the economic aspect of tourism as it relates to the rural areas in which we are located. I am going to first make several assumptions which are basically accurate in their scope.

First, 80 percent of the sales generated by Super 8 Motels are in rural areas. Second, tourism accounts for 50 percent of our sales, the balance being credited to our regular travelers and sales persons. Using projected room rates, growth figures, and occupancy estimates, our small company and its franchise motels will generate, and this is in rural areas, approximately \$55 million in sales during 1983 and 1984 directly as a result of tourist travel.

If we concur that these dollars turn over at least four times in the local economy, it becomes apparent that our rural properties are generating nearly a quarter of a billion dollars in sales. And we are only a microscopic part of the total rural environment affected by tourism. Some of the other testimony here today has more impressive statistics.

As stated, Senator, travel and tourism is now the second largest industry in the United States. Its \$182 billion in sales recently surpassed the auto industry. It is a foregone conclusion that travel and leisure time will continue to increase in the years to come. More disposable income and a shorter workweek will enable people to enjoy this great country of ours.

We in rural areas must be cognizant of this market and strive to get our share of those sales. Many rural States do not have enough dollars available to effectively advertise their tourist attractions. Consequently it will be incumbent upon us to establish joint advertising associations.

In our part of the Nation, an example of co-op advertising is Old West Trails Foundation, and I do not want to steal any of your thunder, Ms. Mazzio, but this group is run by a board of directors representing the States of Montana, Wyoming, Nebraska, North Dakota, and South Dakota. Revenues are mostly generated from ads sold in Old West Trails directly, which has its distribution in excess of 500,000 copies.

The foundation's sole purpose is to enhance travel and tourism within those States. In my estimation every State and county and city government, as well as each business located within those five States, should be involved in Old West Trails or a similar organization.

Foreign tourism is not prevalent in rural areas, as we all know. From a logistics standpoint, the east and west coasts have traditionally enjoyed the bulk of foreign tourism. However, improved transportation and facilities are making inland areas more accessible.

The world continues to shrink and rural America must address that fact if we want to increase foreign tourism. A significant increase in all foreign tourists will have a trickle down effect even without special direct marketing. In short, any tourism, foreign or domestic is beneficial.

Finally, Senator Pressler, I would like to strongly endorse S. 212, which you are sponsoring. I refer specifically to the budget approval for the U.S. Travel and Tourism Administration for the next 3 years.

I realize that my views cannot be construed totally as objective, but I do not understand how anyone can object to funding agencies which promote travel and tourism.

Those dollars generate jobs, taxes, and profits which enhance the standard of living for all of us. The revenue so generated, which eventually finds its way back to the U.S. Treasury, pays for the original outlay many, many times over.

Thank you for your sponsorship of this measure and interest in travel and tourism. Thank you, too, allowing me this time to share my thoughts.

Senator PRESSLER. Thank you very much, and may I say that that particular bill, S. 212, we have passed it through the Senate, but I want to explain that it is not a budget buster. In the late 1970's the funding for the travel and tourism function was \$13 or \$14 million. That is in 1979 dollars. And the administration proposal this year was for \$5 million. That means we could not even keep the offices open.

The point is, I want to emphasize that we are well within budget at this level. And we have to fight for that. Forty-eight Senators cosponsored my bill and they include some very conservative Members and some liberal Members. We have Senator Goldwater, and Senator Laxalt is a cosponsor of it. We are going to pass it, but it is a struggle.

I thank you very much. I'll have some questions for you later.

I want to call on Melva Pederson, Pederson Travel Service, who did a good job when some of our mayors came.

Ms. PEDERSON. Senator Pressler, and ladies and gentlemen of the forum. There are two forces to explore in order to bring the economic advantage to travel and tourism in rural communities. First of all, what do we have to offer? And second, how are we going to transport the people here?

The USTTA, U.S. Travel and Tourism Administration officials have made outstanding contributions to U.S. tourism with the small budget they have been allowed. With the current \$7.6 million, they must maintain foreign offices to promote tourism in the United States.

We have heard that we now have 6 overseas offices compared to the 20 to 30 offices most countries have around the world. We have also heard about Senator Presslers' bill with a 3-year budget of \$42 million to upgrade our efforts. There has been some opposition to this much-needed bill because of the ways and means of funds.

One suggestion has been a U.S. departure tax over and above the \$3 tax now assessed for overseas tickets. This \$3 goes for airport improvements. Many countries have a larger departure tax. Perhaps a service charge on resort hotel properties could be used.

These would be passed on to the consumer, who is already paying 15 to 20 percent in Europe and not saying a word about it. Perhaps there is a private sector willing to buy Federal revenue bonds or stocks in U.S. tourism, as we do when we need schools and new municipal development.

Now, locally, we are fortunate and we are unfortunate. We have one major attraction in South Dakota to attract tourists. It is here at Mount Rushmore, the farthest point west in our State. Without major attractions in the other parts of South Dakota, we cannot expect to support a strong travel industry.

This is not in the record, but several years ago, two boys from Amsterdam came into my travel agency and had me reconfirm their

flights for them. I said, "What is the most fun that you have had in South Dakota?" And they said, "Getting drunk with the cowboys." Well, they were thinking about the western part of the State.

We could really market the eastern and central parts of the State with perhaps a large theme park near Mitchell's Corn Palace, a Glacial Lakes Epcot or aerosphere in northeast South Dakota, or the world's largest American Indian village and museum near one of the many reservations. If USTTA is allowed to flourish, perhaps in time these attractions will be closer to reality and bring in not only foreign visitors but people from all over the United States.

Now, if we want sound, dependable tourism in rural areas, we must have the means of transporting tourists. Essential airlines service to small cities, not only in South Dakota but all over the United States, has become a disaster and it is a direct result of airline deregulation, because airlines are allowed to leave less profitable routes to find better ones.

We all remember the demise of Laker and Braniff Airways. They made the headlines. But we do not always hear of the many commuter lines who have been forced to go into receivership or just silently locked the doors. To name a few recent closings, Altair on the east coast, Lawrence Airways in Missouri, Golden West in California, Air New England and of course, in our area, Northern Airlines, who tried to operate without subsidy.

The Civil Aeronautics Board called in Administrative Law Judge Ronnie Yoder 3 years ago to study and analyze the arguments, and the problems of deregulation. After an exhaustive study, his decision concluded that air carrier agreements should continue to receive antitrust immunity because "they provide a uniquely integrated marketing system based on the ubiquitous presence of industry travel agents which represent all carriers and enjoy the confidence of the public and carriers alike in competence and reliability because of commonly administered accreditation standards." He went on to rule that if this system is eroded, the costs to the public interest would be enormous.

The CAB overturned Judge Yoder's decision, completely ignoring his 3 years of study, the hours of testimony by airlines, trade associations, and tourism people, and made its own recommendations, which will cause absolute chaos to the traveling public and to the tourism consumer.

Senator Pressler has introduced S. 764 to scrap the CAB's decision and replace it with Judge Yoder's recommendations. H.R. 2053 is another similar bill introduced in the House. We are hopeful for a favorable vote on both bills, to hold an even keel and maintain sense and sanity in air transportation in this country, which is so vital to tourism.

Thank you.

[The statement follows:]

STATEMENT OF MELVA PEDERSON, PEDERSON TRAVEL SERVICE

IMPACT OF TOURISM ON RURAL ECONOMICS

There are two forces to explore in order to bring economic advantages to travel and tourism in rural communities:

The first is the United States Travel and Tourism Administration. USTTA's officials have made outstanding contributions to U.S. tourism with as small a budget as they have been allowed. With the current 7.6 million they must main-

tain foreign offices to promote tourism to the United States. We now have six overseas offices compared to the twenty or thirty offices most countries have around the world. Senator Larry Pressler has presented a bill for a three year budget of 42 million to upgrade our efforts: 13 million for USTTA in 1984, 14 million in 1985 and 15 million in 1986. There has been opposition to this much needed bill because of the ways and means of funding. One suggestion has been a U.S. departure tax over and above the \$3 tax now assessed for overseas tickets which goes for airport development. Many countries have a larger departure tax. Perhaps a "service" charge on resort and hotel properties could be used. These would be passed on to the consumer who is already used to paying 15 to 20% in the Caribbean and Europe. Perhaps there is a private sector willing to buy Federal Revenue Bonds or bonds or stocks in U.S. Tourism such as we use when we need new schools and municipal improvements. We must keep USTTA thriving and successful. When our business is down we don't cut back on marketing or advertising. That's the last expense we must cut in order to keep in business. It is the same for USTTA. They must have help.

Locally we are fortunate and unfortunate. We have one major attraction in South Dakota to draw tourists. It is here at Mt. Rushmore, the farthest point west in our state. Without major attractions in other parts of South Dakota we cannot expect to support a strong travel industry. We could really thrive in the eastern and central parts of the state with perhaps a large Theme Park near Mitchell's Corn Palace, a Glacial Lakes Epcot or Erosphere in northeast South Dakota, or the World's Largest American Indian Village and Museum near one of the many reservations. It is estimated that one new job is created by every 54 foreign visitors. If USTTA is allowed to flourish perhaps in time these attractions will be closer to reality and bring in not only foreign visitors but people from all over the United States.

If we want sound, dependable tourism in rural areas, we must have the means of transporting tourists. This brings up the second force to bring economic advantage to travel and tourism in rural communities.

When Congress passed the Airline Deregulation Act, it was supposed to increase competition to benefit the consumer by lowering air fares. Actually what has happened is that this Act is fast destroying one of the most sophisticated and best air systems in the world. Airlines are now permitted to choose their own routes, so by the droves they have been flooding markets in the areas where they feel they can make more money. As a result, no one is making money. Essential airline service to small cities, not only in South Dakota but all over the United States, has become a disaster and is a direct result of deregulation, because airlines have been permitted to leave less profitable routes to find better ones. Mitchell, Huron, Brookings, Pierre, Yankton, have been hurt the most in South Dakota, with commuters valiantly trying to take the place of scheduled airlines. Have you ever contemplated flying in a small aircraft with winter winds gusting to 60 mph across the prairies? We all know that subsidy is not the answer; however, when a major airline pulls out of an area and a commuter takes its place, the government must subsidize the commuter as well. We all remember well the demise of Lake Airways and Braniff Airlines. They made the headlines, but we don't always hear of the many commuters who have been forced to go into receivership or just silently lock the doors. To name a few recent closings: Altair on the east coast; Lawrence Airways in Missouri; Golden West in California; Air New England, and of course in our area, Northern Airlines, who tried to operate without a subsidy. Harvey Safeer, director of the Federal Aviation Administration's office of aviation policy and plans, tells us that more than 25% of the top 50 commuters listed in 1979 are not operating today.

In all of the mess, the consumer, in whose interest deregulation was enacted, has been left holding the bag with higher airfares than ever before, with less air service to small communities and a maze of airfares to figure out. There is nothing we can do to change deregulation now. However, because of this, a new problem has come about. The Civil Aeronautics Board called in Administrative Law Judge Ronnie Yoder three years ago to study and analyze the arguments and facts of the problems of deregulation. After an exhaustive study his decision concluded that air carrier agreements should continue to receive anti-trust immunity because "they provide a uniquely integrated marketing system based on the ubiquitous presence of industry travel agents which represent all carriers and enjoy the confidence of the public and carriers alike in competence and reliability because of commonly administered accreditation standards." He went on to rule that if this system is eroded, the costs to the public interest would be enormous.

The CAB overturned Judge Yoder's decision, completely ignoring his three years of study, the hours of testimony by airline, trade associations and tourism people, and made its own recommendations which will cause absolute chaos to the traveling public and tourism consumer. Senator John Warner described this aptly, "Relying on theoretical economics, the CAB eliminated key parts of the agreements that assure the continued cooperation of the airlines in maintaining industry standards. These standards protect the traveling public by minimizing interline transportation, ticket interchange and refunds."

Senator Pressler, along with Senator Warner, has introduced S. 764 to scrap the CAB's decision and replace it with Judge Yoder's recommendations. H.R. 2053 is a similar bill introduced to the House by Rep. Glenn Anderson. We are hopeful for a favorable vote on both bills to hold an even keel and maintain sense and sanity in the air transportation in this country, which is so vital to tourism.

South Dakota tourism is made up of small businesspeople, or entrepreneurs as President Reagan recently called us. Agriculture, for example, is composed of entrepreneurs who benefit from billions in subsidies, and it doesn't employ many more than tourism. There are no large businesspeople in tourism in South Dakota. Only the independent spirit can maintain in the travel and tourism business. But it is dangerous. Life savings can be invested and lost. Lack of marketing sophistication takes its toll. The Holiday Inn's, the Hilton's, the Best Western franchises often turn over to new owners four or five times before the dust settles and the business seems secure. Small businesspeople in South Dakota travel and tourism put in horrendous hours, watch the skies for rain, and they pray alot. As a result, we are a pretty solid bunch. Believe me, we must be to make a living and survive in South Dakota.

Senator PRESSLER. Thank you. I appreciate your points on the word "deregulation," which has gotten so fashionable in Washington, which really means reregulation of sorts. We had the deregulation of airlines. I voted against that bill. We had deregulation of the rail industry. I opposed that, but it seems as though this term has come to be very fashionable.

We have to look behind the facade and see what it really means, and I think it really means less service in rural, small town areas. It also means less services to the consumer except in some instances where we have big volume.

I am very worried about what is going to happen with the telephone industry. You can blame Congress for a lot, but the courts have ordered that the telephone company be broken up.

Just this morning, I met with a group of senior citizens on telephone costs and the effort we are going to have to make to have a leveling in small rural areas. But it is the same principle and we have to be very careful we are not throwing the baby out with the bath water.

So we have to reverse that CAB decision because it is going to hurt the consumer who needs to go to the travel agent and get a total booking. Maybe it will help somebody in a very populated area.

I want to compliment you on your testimony. That is a battle we are fighting.

Next, I am going to call on a man whom I have long admired but never had a chance to sit down with. I am going to correct that one of these days. Joseph Meier.

Just this morning I was in Spearfish and I picked up the newspaper and I read a wonderful article about his performance in 1937, if that is possible. I cannot believe it could have been that long ago. But in the penitentiary on Christmas Eve he gave a performance for the inmates, and what a moving experience it was. That is one of the nicest articles I have read in the Spearfish paper.

That is really a tribute to you. And I know of your daughters in the opera. You are one of the great citizens of our State. We are glad to have you here.

Mr. MEIER. Thank you, Senator, and I appreciate the opportunity to be here with you and people interested in the tourist industry.

Senator PRESSLER. Any of you people who are just wandering in, sit down and listen for a bit. You are very welcomed here.

Mr. MEIER. I think it is appropriate to proceed. We are coming to a scene which, in my estimation, looks very promising. We have just finished our engagement in Florida and I have had little opportunity, little time to prepare for this meeting. Last night I listed a few of the points.

The tourist industry affects the economy throughout the State. The small communities as well as major populated areas, whether close to the highways or not, are affected. The tourist coming into the State requires service, accommodations, supplies, all of which, in a measure, are produced by the population of the State. Hence all of them derive direct or indirect benefits from the tourist industry.

Tourism for the State of South Dakota has greater opportunities for expansion. It is the time of year for the vacation coming up, for travelers from our adjacent States as well as travelers from greater distances, including foreign countries. The State offers diversity of interests to travelers ranging from scenic beauty to fishing and camping.

For the foreign visitors, the State's historical background is of utmost importance. The Indian lore, as well as the rodeos and the typical western way of life, are sought after experiences by foreign travelers.

All personnel associated with the tourist industry should be fully aware of their responsibility to extend service at a fair price, with courtesy and hospitality that will be remembered. The tourist industry could gainfully employ a greater number of people by not following the present trend of self-service at filling stations, but rather have a staff of knowledgeable people who will give service and courteous and accurate information.

Colleges and high schools could adjust vacation schedules to permit students to take summer jobs that will encompass an entire season rather than being obligated to return to school in mid-August. South Dakota students would receive first consideration in job openings.

I mentioned earlier that Indian lore and the colorful activities of the wild West and the cowboy's story have a magnetic influence in attracting foreign visitors. A series of Indian pageants developed on the reservation, a series of roundups and rodeos properly staged and promoted, would attract an increase of foreign visitors. Let us stop at the reservation for Indian dance and rituals, I think, would be a very attractive and alluring undertaking to bring visitors from Europe.

Government programs and policies should be planned on a regional basis which will take into consideration the seasons and the areas of activities. There should be a promotion on a schedule which covers points of interest in the Northeast, in the Southeast, in the South, in the West, and in the Central Plains States. Each has areas of interest to foreign visitors and needs a carefully developed advertising campaign with pictorial and story matter covering the respective season's activities.

A basis for cooperation should be established of the travel related activities between the Federal Government and the States. An exciting pictorial campaign of posters distributed throughout the travel agencies in Europe, in airports, depicting the South Dakota terrain, whether it is Indian lore or history about Mount Rushmore, would greatly enhance the foreign travel.

Tourist activities are enhanced through organizations such as the Black Hills, Badlands and Lakes Association, and the Old West Trail Foundation. A greater community participation in actively supporting the cost of advertising should be made and advertising schedules should be advanced, giving the prospective tourist an opportunity of selection months in advance of his visit.

This should apply to the average American tourist as well as our neighbors, the Canadians, and the foreign visitor. In my experience it seems more often that insufficient money was spent at a time too late to effectively serve the season's promotional development.

Developing the play in Spearfish has been a totally absorbing activity for me. It is publicity, it is perfection, but I like to look upon it and like for others to look upon it as an institutional service. We treat it as such. We expect visitors to come and to leave us after having seen the performance feeling enriched by the experience. So to us that is an opportunity to serve the traveling public.

Senator PRESSLER. You certainly have done a good job of that over the years. I will have some questions later.

Next I will call Dawn Mazzio, Old West Trail Foundation.

Ms. MAZZIO. As you mentioned, many tourism leaders agree with Herman Kahn of the Hudson Institute, who predicted by the year 2000 tourism will be the No. 1 industry in the world. It is already a primary industry in most of our 50 States.

As a nation we must be prepared to let the rest of the world know that America is a land of travel opportunity. The United States must be prepared to market these travel opportunities to improve our share of the world travel market and thus increase the impact of tourism on the economy, both in dollars and employment.

Travel Industry Association of America, TIA, president, William D. Toohey, recently noted that if the recommended funding levels of your bill S. 212, are passed in Congress, it could generate, cautiously, more than 55,000 additional jobs in the United States over the next 3 years and would generate an estimated \$273 million more in Federal tax revenues over that which would be generated at a current \$7.6 million.

Recognition of the tourism industry with the National Tourism Policy Act is a beginning. This industry can become increasingly important to the economic health of the United States. Coordination of tourism interest on a Federal level is vital. A national tourism organization needs to be ready to respond to and assist the many varied segments of this industry, to support their efforts to increase domestic tourism and to attract the international visitor to the United States.

The National Tourism Policy Act has many important points, among which is recognition of promoting quality, integrity, and a reliability in all tourism offered to visitors; the need to preserve the historical and cultural foundations in the Nation; and the need to provide assistance

with data which measures the economic and social impact of tourism in order to help both public and private sectors in planning future marketing strategies for maximum return on dollars expended for promotion. Regional assistance, such as provided in the National Tourism Policy Act, would be of great value for our region.

A survey of State travel directors was conducted by the marketing committee of the National Counsel of State Travel Directors to address the key issues of: The regionalization of tourism promotion programs; the role of the USTTA in marketing the USA; and travel research on a national level. With 45 of the 56 State or area travel offices contacted responding, 81.8 percent agreed that interstate regional organizations should be established or strengthened in addition to individual State tourism promotion efforts.

Over 75 percent of responding States or areas were already involved in some sort of regional organization to promote tourism. More than 82 percent agreed that a joint Federal-State or region program for marketing the USA and a State or region to the international traveler should be developed.

A planned 1982 National Travel Survey by the U.S. Department of Commerce, canceled due to budget cuts, was considered extremely important or very important by 72.1 percent. Over 75 percent indicated the survey should be conducted at least every 2 years, if reactivated.

Robert Giersdorf, president of Exploration Holidays and Cruises, Division of Alaska tour and Marketing Services, Inc., and first vice chairman of the TIA board of directors wrote recently in TIA's Newsline, "Regional promotion is the wave of the future, particularly in attracting international visitors."

The States of the Old West region, which has already been outlined by Mr. Bale, are South Dakota, North Dakota, Wyoming, Montana, and Nebraska. They have been active in regional promotion of the Old West as a travel destination for 19 years. Founded by the Governors of the five States for the purpose of promoting the region and preserving the heritage of the Old West, the Old West Trail Foundation has served as a model for regional tourism organizations. The foundation is a private-public sector cooperative venture in economic development through tourism. The concept of regional tourism echoes the "barn building" ethic of our frontier heritage and provides promotional strength that can be gained through cooperative efforts.

It makes sense for the Old West Trail region to cooperate in tourism marketing. The area is a natural destination for both the domestic and foreign travelers with its appeal of natural beauty, public lands and monuments, wide-open spaces, affordable accommodations and attractions, and traces of ethnic culture and western heritage.

Over the years the foundation has carried out a multitude of successful promotional programs geared to increase travel to and within our Old West States. These cooperative programs provide each State with an expanded marketing program which may compliment the promotions of each State or provide promotion which the States cannot effectively and economically attempt individually.

In the past the foundation was able to establish new markets and implement new marketing campaigns through additional programs funded wholly or in part by the Old West Regional Commission. Use

of matching grant funds available in prior years from USTS now USTTA also proved successful in marketing the Old West Trail Country in Canada. With the loss of the regional commissions and loss of matching grant dollars from USTTA, some programs of this scope were lost.

If funding is increased for USTTA, as proposed in S. 212, hopefully some funding will be available either on a matching grant basis or on a direct grant basis to enable communities, States, regions, organizations, et cetera, to approach the international market through distribution of foreign language brochures, familiarization tours, trade shows, foreign language films, and contacts with foreign brokers.

The tourism business is sustained and maintained by the domestic traveler. The foreign traveler provides frosting on the cake. His dollars translate rapidly into the profit column of the tourism business.

The Old West States in the past few years have begun to more aggressively seek the foreign tourist. The Old West States cooperated in promoting Old West Trail County to the foreign trade in the TIA Pavilion at the London Travel Market in 1981 and sent representatives of the region to the USTTA tourism seminars in Australia and New Zealand in 1982. Because of budgetary considerations, plans to participate at ITB in Germany in 1983 had to be dropped.

International tourism affects our five essentially rural States by increasing the total impact of tourism on the economy of the region. Although only a small percentage of the present impact is from the foreign visitor, there is a tremendous potential for increase of that market, particularly for second and third-time visitors to the United States. There is a fascination with the Old West which is evident in personal contacts with and correspondence from the potential foreign visitor.

Almost \$4 billion in annual travel expenditures and over \$105 million in annual State tax revenues generated from tourism spending in five Old West States now benefit the economy of the Old West region. In addition, over 100,000 people are directly employed in travel and tourism in the region. The 1982 and 1983 annual State travel department tourism development budgets combined are just over \$6 million. In addition, other public and private promotional dollars support this industry, which nationally returns \$19 for every dollar spent, according to William H. Edwards, TIA chairman and president of the hotels division of Hilton Hotels Corp. As Edwards noted recently Federal budget funding for tourism is an investment, not an expense.

I compliment you on your interest in this industry which is the No. 2 industry in South Dakota, and one of the top four in each of our Old West Trail States. You should be commended for bringing this hearing into the heart of Old West Trail Country.

Senator PRESSLER. Thank you very much. We will get back to a question for you.

First, let me ask Dennis Bale this. In describing the Super 8 Motel operation, which I think is one of the most interesting, fascinating stories in our State, you stress the fact that many of your properties are located in rural or small town areas. You obviously found in your marketing decision there was a profit to be made by locating your motels in rural areas.

Tell us a little about the way this decision was made, and why you are convinced this rural or smaller town orientation will be profitable.

Mr. BALE. Well, I guess the largest consideration for locating in rural areas is because we live in one. As I mentioned, we started in Aberdeen. I think our first two or three motels were all within the boundaries of South Dakota. We more or less spread out from a central location or core area, if you will, and we can travel in any direction from South Dakota and we are still in rural America, so that is how our growth began. We have migrated into larger communities, Houston, Seattle, San Francisco and so forth.

But, we feel that there is a need for our product in rural America. I would like to say every pin on the board enhances the entire network. We think that a lot of the largest chains in the country are overlooking what we think is a good market, and that is rural America. This market is not as large in terms of the potential number of rooms, but every bit as profitable.

Senator PRESSLER. That is good to know and I really salute your efforts.

Now if that CAB competitive marketing case is not reversed, what impact will it have on the travel agents in South Dakota?

Ms. PEDERSON. First of all, the grocery store next to my agency will start selling airline tickets. That is all right. I make a living no matter who sells it. But our credibility will be lost because everyone will be doing it and there will not be the professionalism there should be.

Second, and the worse thing, I think, is that, Larry, if you want to get on a plane in Washington, you are going to have to get your airline ticket, get on that plane, fly to Minneapolis to get out here to Rapid City, but say you are going to fly Northwest to Minneapolis. You are going to have to pick up your bag, go recheck it, get on a different plane, come on out here.

Now, say you came out here on Republic. What if Republic had a mechanical problem so you had to come out on Western. Your Republic ticket would not do you any good. You would have to get another airline ticket and it would be doubtful, unless you did buy from someone reputable, that you would get a refund for any tickets not used. The whole thing is going to be a mess.

Instead of having one central agency to send our reports to, every 7 days we are going to have to have airline stock of probably 60 to 70 different airlines and send in 60, 70 different reports every week. That is just the tip of the iceberg.

Senator PRESSLER. We are fighting to reverse that. I could not agree more.

Mr. MEIER, you have been very successful here for years. An earlier witness said that in 1970, things happened in tourism and from that time forward, the South Dakota tourism owner became a businessman or businesswoman. Have you noted a distinct change in the attitude of the State in terms of promoting? Are there more things we should be doing?

Mr. MEIER. Yes, I believe the method is becoming more sophisticated and it is necessary to restart it along with practical means.

The performance began in 1937 in Sioux Falls. We have been active with this production in this country since 1932. When we came to South

Dakota, there were very few roads here. The area was attractive, as were the people. Had the location been near more heavily populated areas, perhaps from a monetary point of view it might have been easier to work and a more profitable operation. So, over the years it has been a matter of dedicated working, of producing a production that continues to attract visitors, and repeat visitors, and thereby make our contribution to the community.

The service of the institution is what I want to express most because we do feel that we must give, dealing with the story that we do, the visitor something that he or she will remember. From a monetary point of view, we have expanded our advertising campaign annually. Somewhere in the neighborhood of \$70,000 is spent on bringing visitors to the Black Hills here. We are very happy here with the production and hope that over time it will continue to retain its ability for perpetuation.

Senator PRESSLER. You certainly have done a lot to bring people here and have done a great service to the people who do come.

Dawn, I have been concerned about the loss of the regional impact because it seems as though our efforts here in the Midwest to be part of the national picture is a constant struggle. I have thought for a long time the Old West regional effort is a very good one because it highlights the whole region here.

You mentioned the National Travel Survey in your statement. I agree this survey was a very important source of data on the travel industry and we are trying to have it restored. The industry itself, as I understand, is involved with the U.S. Travel and Tourism Administration to collect data. But that is one of the efforts, one of the sorts of efforts that the old West organization can do.

You also mentioned due to the lack of funding, some of the overseas efforts are being shut down. Do you find that the efforts that are made overseas yield results in South Dakota?

Ms. MAZZIO. I think we have to look at international tourism on more than just a 1-year basis. You make an appearance and you are going to have tourists coming back. We're looking for an awareness that is going to take several years to establish in a foreign country.

I happen to have a daughter in Norway and all they talk about is going to Florida because all they have is information on Florida. We did see people coming from Australia through the efforts made through USTTA seminars. We did see some return at Mount Rushmore. It is going to take a while to build up.

Senator PRESSLER. I think that is a good point. Many foreign countries think only of Florida and California and New York.

Ms. MAZZIO. The people we talked to in London, the people who had been, at that time, to the United States are interested in coming to what they call the real America.

Senator PRESSLER. That is true of our own country, too. The majority of our tourism here is domestic, although we do have a great potential for visitors from Canada and other countries here.

I thank you very much.

I thank this panel and we'll proceed to the next.

The fourth panel is comprised of Mr. Jim Murphy, Sioux Falls Chamber of Commerce, Mr. William Heckman, 1880 Train, Mr. Robert

Reynolds, Superintendent of the National Park Service, and Ms. Margaret Skillman, Rapid City Area Convention and Visitors Bureau.

Mr. Murphy.

STATEMENTS OF JIM MURPHY, SIOUX FALLS CHAMBER OF COMMERCE; WILLIAM HECKMAN, 1880 TRAIN; ROBERT REYNOLDS, SUPERINTENDENT, NATIONAL PARK SERVICE; AND MARGARET SKILLMAN, RAPID CITY AREA CONVENTION AND VISITORS BUREAU

Mr. MURPHY. I represent the Sioux Falls Convention and Visitors Bureau and probably our regional convention destination is our long suit. We here in the eastern part of the State fully recognize the total impact of tourism on our community. In general we have become increasingly aware of this economic value to our city. In the near future—you have heard from Dr. Jerry Johnson previously—Dr. Johnson, through the Business Research Bureau of the University of South Dakota, is conducting a study for Sioux Falls. In that study, an economic impact study for the city, we are going to determine actually what hospitality pays to our city, and how it breaks down as far as services and the amount of money going to education and that type of service.

This study will determine the number of employees, annual payroll, sales tax broken down by room revenue, food sales, and beverage sales. Certainly on a citywide scope, we know that it has a tremendous impact for us in our community. I merely point this out because, in your preface to us, Senator Pressler, you stated that we ought to begin in our own backyard. We in Sioux Falls certainly have to know what we are talking about as far as what the impact means to us already, whether we are talking to the mayor and the city council, or talking to Susan Edwards, or whether we are talking to the Federal Government.

The Sioux Falls Bureau has memberships in both the International Association of Convention and Visitors Bureau and also the National Tour Association, formerly the NTBA. Some of my remarks will express the position these two organizations have taken. As a relatively small convention bureau, we know that the legislation that these two organizations are backing we certainly concur with, and we certainly support them from our level.

First, Senator, I am very pleased that both S. 212, introduced by yourself, and H.R. 2721, which was introduced by a Democrat from New Jersey, both passed through the authorization hearings. While this constitutes a preliminary victory, I hope that, in some way, we can reach some Members of the House of Representatives that appear, at this time anyway, to oppose this funding of USTTA.

The proposed funding of \$13 million in 1984, \$14 million in 1985, and \$15 million in 1986 is by no means extravagant. In our industry, the convention bureau industry, we look at the Las Vegas Convention and Visitors Authority, and they operate on a \$25 million annual budget.

In the southeastern part of our State, we know the impact of these budgets and what it can do for us. Primarily in Sioux Falls, and par-

ticularly in the Minneapolis-St. Paul market, the amount of advertising that the Province of Manitoba purchases is extremely difficult to compete with. I do not know what Manitoba's budget is, but I suspect that that Province alone substantially outdoes the entire budget for the United States. But we in mid-America certainly will reap the rewards due mainly from the foreign visitors because the Old West does add meaning to it.

I would just like to add a few brief remarks on additional legislation. S. 529, a bill for reform of current immigration laws, has included a clause that states that an alien border fee shall be imposed for all visitors entering the United States.

If not amended, this would mean that any tour operator in the United States from Canada, even on a 1-day trip, will be subject to a fee for each person in that group. And, if imposed, Canada will more than likely react with a similar fee. From the latest report that I have received, that amendment was eliminated in the Senate but apparently it is still being bantered around in Congress a little bit.

At the present time we look, I think, throughout South Dakota and I know in our area, for a great many tour operators to use our facilities in 1984, en route to the 1984 World's Fair. We hope that the Senate will remove the border fee. Relative to immigration, we concur with the travel industry in general that the long-awaited visa waiver legislation should be passed.

Regarding transportation and with the passage of your 5-cent-a-gallon gasoline tax, we are confident additional attention by the Federal Government to the conditions of our roads and bridges will be accomplished. I think that we all agree that is not only vital, but certainly essential to our travel industry.

We in the convention business also support H.R. 1672, which would allow tax deduction by U.S. citizens for attendance at conventions on foreign soil for those countries with reciprocal agreements with the United States.

In closing, I would like to thank members of the subcommittee for being responsive to the interests and concerns of the second largest retail industry, particularly the sales center which directly and indirectly employs more than 6 million Americans and annually produces more than \$191 billion in travel sales. I believe all of us here can and should be involved in a grassroots campaign to inform all of Congress on the substantial economic benefits to our country.

Thank you very much.

[The statement follows:]

STATEMENT OF JAMES C. MURPHY, MANAGER, SIOUX FALLS CONVENTION & VISITORS BUREAU

Good afternoon. My name is Jim Murphy, and I am very pleased to have been invited by Senator Pressler to testify at this Hearing regarding this major industry that is so vitally important to all of us here.

I represent the Sioux Falls Convention & Visitors Bureau, and while our long suit is as a regional convention destination, we fully recognize the impact tourism has on our community—and in general—we are becoming increasingly aware of the total economic picture. Some communities may have undertaken a total economic impact study in the past, but Sioux Falls has not. In the near future, through the Business Research Bureau of the University of South Dakota, we will have determined the total amounts in property taxes that the hospitality

industry pays to the city and the breakdown as to what services, i.e. education, are getting from this. The study will determine number of employees, annual payroll and sales tax broken down by room revenue, food sales and beverage sales. Certainly on a city-wide scope, we know it has a tremendous impact. I merely point this out, as Senator Pressler stated, because we have to begin in our own backyard—and have to be aware of what the local impact already is at present.

The Sioux Falls Bureau has membership in both the International Association of Convention & Visitors Bureau and the National Tour Association. Some of my remarks will express the position these two organizations have taken and as a relatively small Convention Bureau, we know that certain legislation will benefit us directly.

First, I am very pleased that both Senate Bill 212, introduced by Senator Pressler, and H.R. 2721, introduced by Rep Florio (D-N.J.) both passed through their authorization hearings; and while this constitutes a preliminary victory, I hope that in some way we can educate some Members of the House of Representatives that appear to oppose this funding of USTTA. The proposed funding at \$13 million in 1984, \$14 million in 1985 and \$15 million in 1986 is by no means extravagant, when we consider the Las Vegas Convention & Visitors Authority operates on a \$25 million a year budget. In the southeastern part of our state, and primarily in the Minneapolis/St. Paul market, the amount of advertising that the Province of Manitoba purchases is extremely difficult to compete with. Certainly this funding will assist a San Francisco or New York City with additional foreign travel, but we in Mid-America will also reap the rewards.

May I add just a few brief remarks on additional legislation? Senate Bill 529, a bill for reform of current immigration laws, has included a clause that states that an alien border fee shall be imposed for all visitors entering the U.S. If not amended, this would mean that any tour operator bringing a group into the U.S. from Canada, even on a one day trip, will be subject to a fee for each person in that group. If imposed, Canada will probably react with a similar fee of its own, thus hitting the operators with additional expense. At present, we look for a great many operators to use our facilities in 1984 enroute to New Orleans for the 1984 World's Fair. We hope that the Senate will remove this clause regarding a border fee. And, relative to immigration, we concur with the travel industry in general that the long awaited visa waiver legislation should be passed.

Regarding transportation and with the passage of the five-cent-a-gallon gasoline tax, we are confident additional attention by the federal government to the conditions of our roads and bridges will be accomplished. I think that we all agree this is not only vital but essential to the travel industry.

We also are supportive of H.R. 1672 which would allow tax deductions by U.S. citizens for attendance at conventions on foreign soil for those countries with reciprocal agreements.

In closing, I would like to thank members of the Subcommittee for being responsive to the interests and concerns of the second largest retail industry, which directly and indirectly employs more than 6 million Americans and annually produces more than \$191 billion in travel sales. I believe all of us here can and should become involved in a grass roots campaign to inform all of Congress of the substantial economic benefits related to U.S. tourism. Thank you.

Senator PRESSLER. Thank you, Jim. We hope that the border fee idea is dead. We are working on that. Thank you very much for pointing that out.

Bill Heckman, 1880 Train.

Mr. HECKMAN. Senator Pressler, I was going to welcome you but how can I welcome a local boy to his native State?

Senator. I would like to talk extemporaneously and I do not have anything to quote, but I have the advantage of being able to sit for a couple of hours and hear some various substantive comments from other people here, and I have some comments on those myself.

I think that we have been talking about tactical matters, about how to bring more tourists here in the present and in the future, and every bit of that is germane and every bit of that is essential. We certainly have to address ourselves to all of the things that have been brought up.

I would like to give you this thought. Incidentally, I am talking from some scratch notes here. I was looking at the gentleman up here and I thought, if he could take an old envelope and make some notes on it and come out with 4 score and 7 years ago, I might be able to make some notes that would be useful to us.

Now, what I am thinking is that I think that vacationers, in America at least, and that is the only area in which I have any expertise, I think they become confused. The concept, sir, of a vacation, don't we have a lot of people thinking of a vacation as time off? Time off can be extremely well-applied, as in a travel vacation, or it can be squandered by painting the back porch, or weeding the garden, or staying in within seasons, with which we are too familiar, with our environment.

Before I came to the Black Hills, I worked for a firm in Chicago. I happened to be their senior writer, and when you took a vacation from that firm, they gave you 3 weeks' vacation if you traveled, if you went somewhere outside the Chicago area. If you did not, you could have a 2-week vacation.

Further than that, they gave us double pay when we were on vacation, when we traveled. And when we came back we got the whole staff together and we had a staff meeting. We told people what we did, where we went, what was fine about that, and the troubles we had, and so forth.

What I am getting at here is if the concept is going to prevail that a vacation is simply time off, we are missing something. We are missing something big there and we stand to lose by that. We can get the idea across that a vacation is really the R&D of the person, that that is what a vacation can be.

A corporation, for example, will flounder if they do not devote appropriate time and attention to R&D. And that is what a vacation, it seems to me, ought to be, because it is a time for research if you travel, and it is a time for development of the person. It seems to me it is actually a duty, but it should be a very pleasant duty. Nevertheless, it is a duty to grow, duty to do something with that time, and to accomplish something.

Further, as in R&D for a corporation, that does not just begin the moment that Friday afternoon that you leave home, but you anticipate what you are going to do and you develop that. You send for a packet from Susan Edwards, and you study that. You anticipate coming to the Black Hills, coming to South Dakota. You decide these things you are going to do, and you begin to grow when you do that.

Then you come out here, and we will not confine this to South Dakota, as a matter of fact. What I am speaking about is travel anywhere domestically. I cannot speak about overseas. I have no experience for that. But it seems to me that our tasks, or that the tasks at hand, let's put it that way, are no less than the idea of getting people to appreciate what a vacation is and what a vacation can be.

Now, it is great to bring people from overseas, and I think we should. I cannot offer a suggestion as to how we ought to do that, but I have heard some good suggestions. Suppose the people in this country, our own 230 million Americans, realized what you can do with a vacation. And suppose they moved accordingly. We would have a—it would be another type of revolution that would be a personal development revolution.

Now, I would say, I want to insert something here, personal remarks about the 1880 Train. The 1880 Train was a concept that was developed when I was a resident of Chicago. First 20 years in Philadelphia, then 20 years in Chicago, and this idea came out of it. We looked around seven Western States and we looked at nine different locations before we decided that there was some little town, we did not remember the name of it, but it was out here near Mount Rushmore and right down at the foot of the hill. Reference to the map at last showed it was Keystone. There was indeed trackage at Keystone.

Might that not be a good place to put a railroad, which was engendered by the concept of something that we could preserve for possibly another 100 years for boys of all ages. Remember, this was before ERA and we did not know anything about girls being interested in railroads, and women being interested in railroads, and we found we were remiss, because they are.

At any rate, a man named Joe Foss, who was our Governor here at that time, got wind of the fact that we were looking in Montana. He wanted to head off that eventuality, and came to Chicago and asked us to come here and look at this, and that is why the train is here.

Now the reason I am taking your time to say that is I want to make a point that the type of attraction this turns out to be is indigenous to this area. It might or might not be useful in lots of other places, but it is the type of thing which represents the way the pioneers, the miners and the prospectors, and all of the early people came to a virgining opening West. Isn't that what we are trying to urge other people to do? Don't we want to bring them from Philadelphia out here and let them see a West which is virgining and which is opening? I feel that it is interesting to note that that is indigenous.

Now we have some other very fine attractions here. And I call them satellite attractions. This is not in any way to imply that they are in any way inferior or less, but they are the things that the people can do, the additional things people can do here. For example, I will mention one by name, Evans Plunge, down at Hot Springs. Now, look, you can go and bathe, you can go and swim in the ocean, but the point is this is a satellite attraction. Nobody comes to South Dakota because there is a swimming pool here, but while they are here they take advantage of that and they offer it to them. We use it as a means of promoting their being here and, we hope, coming back.

Now I have one very important point here that I want to save until the end, but suppose, suppose that in a State like South Dakota, suppose the local people, now at no cost to the Federal Government and no cost to the State government and no cost to the domestic government. Let us say there are 650,000 people in South Dakota, and just suppose that each of those families sat down and wrote a personal letter to Aunt Emily in some other part of the country, or to somebody else. Maybe they do not know anybody anywhere else so Susan Edwards could probably provide them with a list of people who would like to hear from them, some pen pals.

They say, "Look, we have got the greatest place on Earth here," or if you are in Colorado, naturally tell them that is the greatest place on Earth. But you are going to lure these people, invite these people out here.

Now that is if the local people would write, suppose we could say to the people who are here, who are going to be here in a couple of weeks starting vacations. Suppose we say to these visitors, "Are you having a good time?"

"This is great, this is the best vacation we ever had!" Can we get you to sit down and write a letter to that effect? Do not send it to Susan. We do not want to read it. We know you are happy. Will you send that to somebody else? In other words, will you replace yourself here? We are delighted to have your presence here. Will you undertake to get one more family to come out here? And of course, we do the same thing with that family, too. Suppose we did things like that? These are things that do not cost any money, but the cost is initiative.

All right, the thing that I saved for the last and I mentioned in a letter to you, Senator Pressler, please help us get our hands untied. We want to talk to the people who see these, drive our highways every day, but we also want to talk to the people who come into our State and maybe only pass that point once in a lifetime, but I want to say something to them about the 1880 Train and I want to do it with billboarding.

Now, when Lady Bird Johnson wanted those billboards down, I did what I thought was the right thing, civil thing to do, and I took down 22 billboards across the State of South Dakota. And my revenues dropped 38 percent.

And all I was doing was telling people I was performing a service, to people coming this way, those other 38 percent that I lost that year, and each year since. Those people evidently wanted to know about it because they did come when my panels were up. Anything that can be done to relax the Lady Bird legislation, particularly in times such as these, would surely, I know, be appreciated by the people in this State and the people who depend on the tourism business.

And I thank you for the opportunity to sound off.

[The letter referred to follows:]

BLACK HILLS CENTRAL RAILROAD,
Hill City, S. Dak., May 20, 1983.

HON. LARRY PRESSLER,
U.S. Senate,
Washington, D.C.

DEAR LARRY: Thanks for the opportunity to express my views concerning revitalizing the tourist business, especially in South Dakota, where I believe I have some expertise.

It is my feeling that we should examine how to communicate better with vacationers enroute, to give them a more extensive appreciation of their new discoveries, and to increase the fun of the trip. I would like to offer several possible ideas in this area.

Among these, I hope to touch upon embarking upon a program to gain for local tourist enterprises some decently limited exemption from the Lady Bird Act—which actually throttles our tourism industry, and does a disservice to our travellers. Whatever its conceivable merits, this is a time for relaxation of its demands.

I'd like to touch upon the methods the 1880 Train has found successful—over a period of a quarter-century—of gaining attention and recognition—and to report briefly on how this has gained national recognition for us, and contributes to South Dakota's attractiveness as a tourist objective.

A distinction exists between primary attractions—Mt. Rushmore, the Passion Play, the 1880 Train, for instance—which bring people to our state and area—and what, for lack of a better term. I call satellite attractions. These would be

attractions very worthy of attention and promotion, but not necessarily the ones that are the interstate or nation-wide magnets that draw the tourist trade. Both types are deserving and essential, but have differing needs and promotional approaches.

If you wish to have me testify about any of these, or other, tourism related matters, I will be on hand at your June 1st field hearing at Mt. Rushmore. I appreciate your extending the invitation!

Cordially,

BILL HECKMAN,
President, the 1880 Train.

Enclosure.

[From the Chicago Daily Tribune, May 11, 1956]

TRAIN HEADED FOR OBLIVION IS GOING PLACES—WILL SURVIVE AS SYMBOL OF AGE OF STEAM

An old time narrow gauge locomotive will be loaded on a steamship in Skagway, Alaska, today and start on a journey to the Black Hills of South Dakota and its place in history.

It will become a part of a new railroad, the Black Hills Central, conceived as a museum to the pioneer era of railroading by two Chicago area men—William B. Heckman, 41, of 2200 Prospect av., Evanston, and Robert D. Freer, 51, of 629 S. 9th av., La Grange.

CALLED HISTORY TRAIN

The locomotive to be imported from Alaska has seen 48 years of service on the White Pass and Yukon route, a 110 mile 3 foot gauge railroad between Skagway and Whitehorse, in the Yukon. It will be renamed "Klondike Casey" by the Black Hills road and will pull an 1880 type "History Train" each summer at the foot of South Dakota's Mount Rushmore monument.

Gov. Joe Foss of South Dakota hailed Heckman and Freer as "the bulwark of an organized group of men sincerely interested in preserving a working steam railroad for boys of all ages who share America's fondness for the rapidly vanishing steam locomotive."

UP A 4 PERCENT GRADE

"Klondike Casey" will take its place beside former Colorado and Southern Locomotive No. 9, renamed "Chief Crazy Horse," a coal burning 1882 Cooke Mogul type engine, retired in 1943, when the narrow gauge line to Climax, Colo., was standard gauged. It later saw service at the Chicago Railroad fair in 1948-49.

The Black Hills Central, using right of way leased from the Burlington Railroad, will wind and climb 4 percent grades from Hill City, S.D., [30 miles south of Rapid City], to a secluded forest enclosed mountain top clearing [not accessible by road] called Oblivion. Here old cars and locomotives will be displayed.

The Black Hills Central will utilize one track of the standard gauge Burlington branch line by laying a third rail at the narrower gauge. Turntables will be erected at Hill City and at Oblivion.

Heckman, a public relations counsellor, says his railroad experience includes six years of promotional effort for the Chicago and Eastern Illinois Railroad and the Minneapolis and St. Louis Railway. Freer, with 30 years in railroading, is rebuild sales engineer of Electro-Motive division, General Motors' locomotive building and rebuilding plant at La Grange.

Senator PRESSLER. Thank you. I will have a question or two for you.

But next, Bob Reynolds, Superintendent of the National Park Service here at Mount Rushmore. We thank you very much for having us here and doing such a good job.

Mr. REYNOLDS. Thank you, Senator, and it is certainly an honor to be host for the Senate hearing today, and it has been an honor moving to South Dakota, particularly to the Shrine of Democracy.

I really have only two suggestions in my statement today. Both of them have been alluded to over and over again, today.

Mount Rushmore has been a major tourist attraction beginning from that August day in 1927 when President Coolidge handed Gutzon Borglum the first drill bits and work began on the Shrine of Democracy. Over the years visitation climbed to a high in 1971 of 2,315,000 annual visitation to the memorial. For the last decade, each year generally it has been somewhere around 2 million visitors.

Since the carving ended in 1942, over 51 million visitors from around the world have traveled to Mount Rushmore. Throughout the Nation and internationally I think it is safe to say Mount Rushmore is the best known feature in South Dakota.

But Mount Rushmore is only one of four national park areas in South Dakota. The other three areas are Badlands National Park, Wind Cave National Park, and Jewel Cave National Monument, all of which together recorded 2,074,000 visitors last year.

In terms of miles of explored passageways, Jewel Cave is the second longest cave in the United States and the fourth longest cave in the world. It is well developed, easily accessible, and offers outstanding tours year-round. Yet last year fewer than 90,000 visitors toured Jewel Cave. It certainly is one of our lesser known parks.

Across America we have a great many marvelous but little known national park areas and there are hundreds and thousands more State, local, and private attractions throughout the country in both rural and urban areas well worth the time of travelers, both domestic and foreign. My impression, however, is that our travel promotion generally continues to primarily emphasize those already well-known attractions while shortchanging the lesser known sites.

I certainly would not suggest ignoring Yellowstone, Yosemite, or Mount Rushmore. Rather, efforts, both domestic and international, for instance through the U.S. Travel and Tourism Administration, should do more to combine promotion of the traditional major attractions with those thousands of lesser known attractions which could lead long-distance travelers to commit themselves to a particular part of the country and plan longer stays in particular areas.

The potential traveler who knows about Mount Rushmore will plan a quick visit to South Dakota on his way somewhere else. The same traveler who knows about the Badlands, Jewel Cave, Custer, and Bear Butte State Parks and the Wild West of Lead and Deadwood and the many outstanding private attractions might plan an entire vacation to the Black Hills.

In other words, my first suggestion is let us promote themes and areas rather than individual attractions.

Over the long run, one of the best ways to increase international tourism will be to insure foreign visitors to South Dakota and elsewhere such an enjoyable visit they go home wanting to return and telling their friends and neighbors to visit us next year. To this end, we must do much more to make our international guest feel welcome and at ease.

A few weeks ago, a Swiss traveler told me about his trip through North and South Dakota. He expressed his disappointment at how little information written in French and German he had found to take home to his family. He talked about his frustrations traveling through our State and simply trying to understand directions in a country where so few speak even a few words of a foreign language.

There are a few halting steps that have been made toward accommodating foreign visitors. For example, here at Mount Rushmore the basic brochure is available in five languages and visitors already are able to listen to the movie in six languages. Foreign language materials are available in a handful of other attractions in the area. But generally speaking, non-English-speaking visitors are traveling through a linguistic terra incognita when they visit us.

So what can be done? Private and public tourism attractions and organizations, chambers of commerce, State and local governments, and others should cooperate to produce general information and materials in a variety of foreign languages. If our foreign visitors can take those materials home and are able to read them, they will have a tremendous ripple effect.

These same groups also could jointly develop lists of volunteers with second language skills who could be called upon to assist foreign visitors and make their visit more pleasant and less traumatic.

As a long-term help, tourism operators, both as individuals and through their industry organizations, should consider encouraging both State and local governments to increase support in foreign language in our schools to the point of requiring foreign language credits for high school graduation.

So my second point is that to fully capitalize on the international tourism market, we must forever do away with the notion that people who want to visit us will learn our language. We must become better hosts to our foreign visitors in our land.

Thank you for this chance to talk to you today.

[The statement follows:]

STATEMENT OF ROBERT W. REYNOLDS, SUPERINTENDENT, MOUNT RUSHMORE
NATIONAL MEMORIAL

Mount Rushmore has been a major tourist attraction beginning from that August day in 1927 when President Calvin Coolidge handed Gutzon Borglum the first drill bits and work began on the Shrine of Democracy. Visitation has climbed over the years to a high of 2,315,000 in 1971. Annual visitation to the Memorial for the last decade has generally been around two million visitors. Since carving ended in 1942, over 51,000,000 visitors from around the world have traveled to Mount Rushmore.

Throughout the Nation and internationally, it is the best known feature in South Dakota; and we can expect international familiarity with Mount Rushmore to increase. Last year the Memorial was nominated as a World Heritage Cultural Site. If the same pattern follows here as at other World Heritage sites such as Mesa Verde National Park and Independence Hall, we can expect a sizable jump in international visitation in the years following formal recognition.

But Mount Rushmore is only one of four national park areas in South Dakota. The other three areas—Badlands National Park, Wind Cave National Park, and Jewel Cave National Monument—recorded 2,074,000 visitors last year. In terms of miles of explored passageways, Jewel Cave is the second longest cave in the United States and the fourth longest cave in the world. It is well developed, easily accessible, and offers outstanding tours year round. Yet, last year fewer than 90,000 visitors toured Jewel Cave; it is one of our lesser known parks.

Across America we have a great many marvelous but little known national park areas. There are hundreds and thousands more State, local, and private attractions throughout the country in both rural and urban areas well-worth the time of travelers—both domestic and foreign. My impression, however, is that travel promotion continues to primarily emphasize those already well-known attractions while shortchanging the lesser-known sites. I wouldn't suggest ignoring Yellowstone, Yosemite, or Mount Rushmore—rather efforts, both domestic and international, through the U.S. Travel and Tourism Adminis-

tration should do more to combine promotion of the traditional major attractions with those thousands of lesser-known attractions which could lead long-distance travelers to commit themselves to a particular part of the country and to plan longer stays in particular areas. A potential traveler who knows about Mount Rushmore will plan a quick visit to South Dakota on the way to somewhere else; the same traveler who knows about Badlands, Jewel Cave, Custer and Bear Butte State Parks, the wild West of Lead and Deadwood, and the many outstanding private attractions might plan an entire vacation to the Black Hills.

Promote themes and areas rather than individual attractions.

Over the long run, one of the best ways to increase international tourism will be to insure foreign visitors to South Dakota and elsewhere such an enjoyable visit they go home wanting to return and telling their friends and neighbors to visit us next year. To this end we must do much more to make our international guests feel welcome and at ease.

A few weeks ago a Swiss traveler told me about his trip through North and South Dakota. He expressed his disappointment in how little information written in French or German he had found to take home to his family. He talked about his frustrations traveling through our State and simply trying to understand directions in a country where so few speak even a few words of a foreign language.

A few halting steps have been made toward accomodating foreign visitors—at Mount Rushmore the basic brochure is available in five languages and visitors will soon be able to listen to the movie in six languages; and foreign language materials are available in a handful of other attractions in the area. But generally, non-English speaking visitors are traveling thorough a linguistic terra incognita when they visit us.

What can be done?

1. Private and public tourism attractions and organizations, Chambers of Commerce, state and local governments, and others should cooperate to produce general informational materials in a variety of foreign languages.

2. These same groups could jointly develop lists of employees and citizen volunteers with second language skills who can be called upon to assist foreign visitors and make their visit more pleasant and less traumatic.

3. As a long-term help, tourism operators—as individuals and through their industry organizations—should consider encouraging state and local governments to increase support in foreign language training in our schools to the point of requiring foreign language credits for high school graduation.

To fully capitalize on the international tourism market, we must forever do away with the notion that people who want to visit us will learn our language. We must become better hosts to our foreign visitors in our land.

Senator PRESSLER. Thank you very much.

We will now call on Margaret Skillman with the Rapid City Area Convention and Visitors Bureau in Rapid City, S. Dak.

Ms. SKILLMAN. Thank you. Knowing that the coffee break is next, I will make my statement very brief.

We sent out a questionnaire in November of 1982 and 128 out of 480 responded. There were 11 questions and I will go through these. Seventy-two percent felt the tourist information that we mailed to them was excellent. Twenty-six percent felt that the tourist information mailed to them was good. One percent felt the tourist information mailed to them was fair. Eleven percent of those that vacationed in our area visited our tourist information center. That is the tourist information center that is located in the Rapid City Chamber of Commerce. We by no means get a majority of the vacation tourists at our tourist information center.

Eighty-five percent of our tourist inquirers did vacation in the area. We found this most encouraging because when we mail out the huge

quantity of mail that we do, we find that 85 percent come to this area or return to this area.

The average number of people in the traveling party is two and they stay for 3 days. Eighty percent of these people arrived by personal auto or RV. Four percent arrive by air and 1 percent arrive by bus.

I feel more effort in percentage of both air and bus travel could definitely be upgraded. The five top attractions that were visited were Mount Rushmore, Crazy Horse, Custer State Park, Our Caves, and then the Badlands.

Eighty-five percent of the people felt employees and residents of Rapid City were friendly. Zero percent felt employees and residents were unfriendly. You are thinking, surely the chamber of commerce put this out, but we feel this is helpful. The effort that is made is to promote a concept that you had a friendly visit in Rapid City. We try to teach our people in our area what we have to offer and how to give directions and other things that tourists will ask when in our area.

Forty-one percent of the people are planning a return trip to Rapid City and the Black Hills area. Thirty-seven percent are not planning a return visit, and 13 percent did not come in 1982 but do plan on a visit in the future. Five percent may plan another visit.

Here is a ranking of States according to State visitation. No. 1 is the State of Minnesota; No. 2, the State of South Dakota; and No. 3, foreign countries.

I have to justify the numbers right here by saying that I feel that we did have a very high percentage of the foreign visitors. All totaled, I feel they come to the chamber of commerce for assistance and we get a very high percentage of foreign visitors; 5th, Iowa; 6th, Canada; 7th, Illinois; 8th, Nebraska; 9th, California and 10th, North Dakota.

Another thing, as the chamber of commerce, we do host quite a few foreign dignitaries. They come to see Ellsworth Air Force Base. They tour the area for 2 or 3 days. They are almost always awed by our wide open spaces here. I think this is something we do need to capitalize on.

The last thing, the average amount of money spent is \$502.33. Of course, this ripple effect on our community is beneficial.

I would like to thank you for allowing me to testify here and thank you for your commitment to the promotion of tourism.

[The questionnaire referred to follows:]

RAPID CITY AREA CONVENTION-VISITORS BUREAU,
Rapid City, S. Dak., November 10, 1982.

Good Morning: Thank you for contacting our office for information in planning your vacation or business trip to our area.

We hope that the information we sent to you was sufficient and of assistance in planning your visit.

Now, we would like your assistance. In order for us to justify, maintain and update our tourist program, we need to know from you, our visitor, if we are doing a satisfactory job in accommodating our visitor's requests and if you did vacation in our area.

We would appreciate it if you would take a few minutes of your time to fill out the attached questionnaire and return it to our office at your earliest convenience.

The information we receive from you will be very important in determining the future role we will play in our tourist promotional efforts. We have enclosed a self-addressed envelope for your convenience.

We look forward to your cooperation.

Sincerely,

GLEND A. WYZE, *Director, Convention & Visitors Bureau.*

Enclosure.

1982 CONVENTION & VISITORS BUREAU TOURISM QUESTIONNAIRE

1. Was the literature you received from our office adequate to assist you in planning your visit to our area? Please circle one: Excellent Good Fair Poor
 2. Did you visit our Tourist Information Center while in Rapid City? Yes— No— If yes, did you and members of your travel party receive the information you requested? Yes— No—
 3. Did you vacation in the Rapid City and Black Hills area? Check one: —Visited your area in 1982; —Plan to visit your area in the future; —Decided to vacation elsewhere.
 4. If you vacationed in our area, how many persons, including yourself, were in your travel party? —
 5. How many day and nights did you and members of your travel party stay in the Rapid City area? Days— Nights—
 6. What was the primary mode of transportation used by you and of your travel party? Please check one: —Airplane; —Bus; —Car; —Recreational vehicle.
 7. Please list the major attractions that you visited, i.e., Mount Rushmore National Monument, Crazy Horse Memorial, etc. -----

 8. Did you feel that the employees and residents of our area were friendly and willing to assist you with any question you had? Yes— No—
 9. Are you planning to return to Rapid City and Black Hills area in the near future? Yes— No—
 10. State, Province or Country you reside in?-----
 11. Please indicate the approximate amount you and members of your travel party spent while in the Rapid City area \$-----
 - Signature (optional) -----
 - Address -----
 - City/State/Zip Code-----
- Thank you.

TOURISM QUESTIONNAIRE RESULTS, NOVEMBER 1982

128 out of 480 responded. (Use 480 as 100 percent to figure the percentage of responses.)

1. 72 percent felt the tourist information we mailed to them was excellent; 26 percent felt the tourist information we mailed to them was good; 1 percent felt the tourist information we mailed to them was fair; 0 percent felt the tourist information we mailed to them was poor.
2. 11 percent that vacationed in our area visited the Tourist Information Center.
3. 85 percent of tourist inquiries that did vacation in the area.
4. 2 average number of people in the travel party; 3 average number of days the travel party vacationed in our area.
5. 80 percent arriving by personal auto or RV; 4 percent arriving by air; 1 percent arriving by bus.
6. Five top attractions that were visited—A. Mount Rushmore; B. Crazy Horse; C. Custer State Park; D. Caves; E. Badlands.
7. 85 percent that felt employees and residents were friendly; C percent that felt employees and residents were unfriendly.
8. 41 percent planning a return trip to the Rapid City and Black Hills area.
9. 37 percent are not planning a return visit to the area; 13 percent did not come in 1982, but plan to visit in the future; 5 percent may plan another visit.
10. Ranking of states according to state visitation—1. Minnesota; 2. South Dakota; 3. Foreign countries; 4. Wisconsin; 5. Iowa; 6. Canada; 7. Illinois; 8. Nebraska; 9. California; 10. North Dakota.
11. \$502.33 average amount of money spent while visiting our area.
12. 2 percent did not complete form.

Senator PRESSLER. Thank you very much.

Jim Murphy, you mentioned you will soon be conducting an economic impact study for Sioux Falls in regard to the hospitality industry. I applaud that step because we need more and better statistical data on the industry.

However, could you give us a rough estimate of the economic impact of just your convention business in the Sioux Falls area? I am always amazed at the high dollar return generated by conventions. I know you included some of those figures.

Mr. MURPHY. Senator, the convention business is much more predictable than tourism travel. It is predictable because we know when they are booked, and that they are going to arrive in the approximate numbers.

In 1983 we will do \$17 million in the convention business in Sioux Falls. The greatest percentage of this goes to the hotel but certainly some goes to city restaurants, the retail is very good and all of the other outlets that service convention delegates benefit.

Senator PRESSLER. It really will multiply our impact. I think that is important.

Bill Heckman, your comments were stimulating. I have to find an incentive for my Washington staff to spend their vacations in South Dakota, but I cannot give them double pay. But maybe we could give them an extra day or two of vacation.

It gave me an idea and I will put it in effect next year on an experimental basis. Listening to your ideas was very, very stimulating. Maybe you will be able to send me a note when you develop a plan for my staff.

Bob Reynolds, we very much appreciated your comments on the land up here at Mount Rushmore. And also the comments on the group from the Middle East who could not speak English, and the problem of trying to communicate with them. I do not know if we could afford to have translators for all the basic languages.

Do you find it a big problem here? For instance, we are going to attract many Japanese bus tours. That seems to be a big revenue source for some areas of the country. I suppose we would almost have to have a Japanese capability here, is that not correct?

Mr. REYNOLDS. It would certainly help. Obviously, we will not be able to have interpreters at every attraction, and I do not think that is reasonable at all. The one thing that I keep telling people to say, if they have only had a little high school German, is that you only need to say a few words to make people feel welcome. It is very amazing how well you can communicate with very little knowledge.

We don't feel it need be very expensive to do. The movie translations that we just put into effect have been done with only a couple of hundred dollars and a tremendous amount of volunteer effort from the local community.

We find that the foreign language people, people with good foreign language capability, are particularly people who have been recent immigrants. They are delighted to share their capability with us so that we can provide that service to their former countrymen when they come over. That is how we got our six language translations done for the movie in the last year.

Senator PRESSLER. We have a lot of ethnic groups in the State. There are a surprising number of people in our State that speak some of these languages.

Margaret. I was fascinated with the results of your survey about where the folks come from who visit here. Are a lot of them Canadians?

Ms. SKILLMAN. Europeans and Canadians. They ranke No. 6.

Senator PRESSLER. What other countries? Would you just read through the countries you listed?

Ms. SKILLMAN. The countries would be mainly Germany, Switzerland, a lot from France, Italian visitors. Many are European countries.

Senator PRESSLER. That is fascinating. The questionnaire that you did, I think, is especially useful. But you said something that we can be very proud of. You said that none of the respondents thought that the people in this area were unfriendly.

That is a very favorable response and a strong endorsement of South Dakota because that would not be true in all parts of our country. I am not criticizing any other parts, out I feel other areas may not be quite as friendly. I better not say too much here, but I think you can be very proud of that.

I want to thank this panel very much.

I am going to call a 5-minute recess and then call the next panel. At 5 o'clock we are going to have a coffee hour. In 5 minutes we will start again with panel No. 5.

[A brief recess was taken.]

Senator PRESSLER. On panel No. 5, I would like to introduce Mr. William Toohey, who is one of the leading spokesmen in the travel industry in the United States, and we are very honored to have him here in South Dakota.

Bill, I am sorry I was not able to meet you as you came in. We are very glad to have you here. You have traveled a great distance.

For those who do not know it, Bill Toohey heads an umbrella tourism group of the various tourism association across the United States. We are very honored to have him here.

Bill, we will hear your statement.

STATEMENTS OF WILLIAM TOOHEY, PRESIDENT, TRAVEL INDUSTRY ASSOCIATION; AND MARGARET QUINTAL, MITCHELL CHAMBER OF COMMERCE

Mr. TOOHEY. Thank you very much, Senator. This is a very unusual and welcome experience for me to participate in the field hearing on travel and tourism and to listen to people who are active in the State, what their concerns are, what the problems are. It is an educational experience and I really appreciate the opportunity to be here with you today.

The State of South Dakota has been blessed with great natural beauty and natural resources, but it is also fortunate to have elected a Senator who fully understands and appreciates the economics of tourism.

The travel and tourism industry is now our Nation's second largest retail and service industry, led only by retail food sales. In 1981 the industry generated over \$191 billion in receipts, nearly \$16 billion in State, Federal, and local tax revenues, and employed nearly 4.6 million American men and women. It is our Nation's third largest export industry, with earnings from international visitors surpassed only by grain and by chemical exports.

States like South Dakota and national memorials like Mount Rushmore all benefit from the \$191 million spent each year in the United States on travel and tourism. Tourism is the third largest employer here in South Dakota, as it is in New York and Pennsylvania.

The increase in tourism employment since 1973 in eating and drinking places alone is greater than the total employment in the automobile and steel industries combined. This industry is so huge that it is difficult to comprehend its enormous size and economic impact.

The economic impact of tourism in the State of South Dakota is significant. A study conducted by the U.S. Travel Data Center determined that tourism-generated dollars spent in 1981 in South Dakota was over \$456 million. Tourism accounted for almost 14,500 jobs and that represented 6.3 percent of the State employment. Tourism provided \$82.5 million in wages and salaries.

The South Dakota Division of Tourism has a budget of \$1.6 million for the current fiscal period and ranks 25th out of the 50 States. The average budget for all the States across the country is \$2.5 million.

The State has several national parks, monuments, attractions, all to be promoted as attractions to potential visitors. South Dakota is famous for its bountiful hunting and fishing.

To illustrate the revenue-producing potential of tourism, the South Dakota Game, Fish and Parks Department reports that in 1981 the State generated more than \$5 million in revenue from the sale of hunting and fishing licenses and stamps. Of that amount, nonresidents paid to the State nearly \$1.8 million.

With the new political and economic environment, State and local governments are desperately searching for new sources of revenue. The sale of services and goods to tourists from abroad generates tax receipts which would not have been earned otherwise. For example, the 23 million foreign visitors to the United States in 1981 made considerable contributions to our economy.

State and local governments are beginning to recognize that tax receipts from foreign visitors represent a revenue gain for the destination State. In 1980, it was estimated foreign visitors' expenditures in South Dakota alone totaled more than \$71 million.

All of these are reasons why there is a national economic interest and a Federal role in international tourism. The travel and tourism industry continues to be vitally interested in the purposes of the National Tourism Policy Act of 1981, which made tourism a matter of public policy.

As our present champion of tourism in the Senate, you introduced a National Tourism Policy Act in January of 1981, which was signed into law by the President in October of that year. That legislation dictated the U.S. Travel and Tourism Administration to be the principal instrument of tourism policy implementation.

Mr. Chairman, the industry is also grateful for the recent passage by the Senate of the bill you introduced, S. 212, which authorizes funding levels for USTTA of \$13, \$14, and \$15 million in 1984, 1985, and 1986 consecutively. It is imperative that USTTA be adequately funded in order to generate jobs in all areas of the country, increase Federal, State, and local tax revenues, improve export earnings and

restore the competitive position of the United States in the world marketplace.

Clearly that agency's revenue-producing international travel promotion programs constitute a rational Government policy that contributes to the hundreds of thousands of small businesses, especially in many rural areas where economic growth through industrial development is not feasible.

Since this is a Federal hearing, my comments will be oriented to the Government role in tourism. But let me state, few of us, if any, in the private sector would say that the primary role in tourism development in this country is a province of Government. Indeed not.

We look to Government to facilitate and not impede the private sector effort in this great economic arena. What is not clearly understood, and what should be, is that there is a national role in tourism promotion and development to be played by the Federal Government, competitive with the efforts of other nations in the international combat for foreign exchange earnings from tourism.

We must make our Government understand that this industry is not not interested in seeking public funding for promotions that it should do itself. The industry is clearly interested in the Federal Government fulfilling a role that only it can accomplish and that is the selling of the United States around the world as a travel destination competitive with the efforts of other governments. And just as we look to the Federal Government to fulfill this role in tourism so should we look to ourselves.

Tourism is a large, diverse, and complex industry. Large, with nearly 1 million businesses, most of them small. Diverse, with 28 major industry components, each different but interrelated. Complex in the understanding and skills required to participate profitably in these interrelationships.

It is clear to me that in this country, in South Dakota, small businesses could benefit greatly from collective tourism programs. More tour development, more regional promotion, more joint destination promotion, and more support for the State tourism program.

South Dakota tourism businesses could profit handsomely by greater participation in national travel industry organizations which offer marketing opportunities for them. We have a great networking potential within the travel industry. None of us can work alone in this diverse industry.

Our profit will be commensurate with our skill and ability to work with our brothers and sisters in other components of travel and tourism. The more of them we know, the more marketing programs we will be able to develop to stimulate tourism within this State.

I am referring to organizations such as the American Bus Association, the National Tour Association, the American Automobile Association, the Travel Industry Association, regional promotion organization, and participation in international tourism development through such programs as the Discover America International held list week in Orlando. The resources are there within the private sector for South Dakota travel businesses to take advantage of.

As an industry, we must strive to work more effectively together and to more effectively support those in Government who have an

interest in our welfare as an industry. Obviously the economic impact of tourism touches all of us.

The economic benefits of tourism extend directly and indirectly to the entire population. Tourism is everybody's business. I am an optimist. If we continue to strive to meet our potential, I agree with those who say that, by the year 2000, tourism will be the largest sector of the national economy.

Mr. Chairman, I thank you for the opportunity to present these comments to you and to your committee.

Senator PRESSLER. Thank you very much, Bill Toohey. You traveled a great distance and we are very honored to have you in our State. You have been here before, I am sure. I want people to know you are the leading spokesman before Congress for the tourism and travel industry in the United States and we are really honored to have you here in our State.

Mr. TOOHEY. Thank you, Senator.

[The statement follows:]

STATEMENT OF WILLIAM D. TOOHEY, PRESIDENT, TRAVEL INDUSTRY
ASSOCIATION OF AMERICA

Mr. Chairman, it is indeed a pleasure to be in the state of South Dakota to testify on the impact of tourism on rural economics.

The state of South Dakota has been blessed with great natural beauty and resources, but it is also fortunate to have elected a Senator that fully understands and appreciates the economics of tourism.

The travel and tourism industry is now our nation's second largest retail and service industry, led only by retail food sales. In 1981, the industry generated \$191 billion in receipts, \$15.6 billion in federal, state and local tax revenues and directly employed 4.6 million American workers. It is our nation's third largest export industry with earnings from international visitors surpassed only by grain and chemical exports.

States like South Dakota and national memorials like Mount Rushmore all benefit from the over \$190 billion spent each year in the United States on travel and tourism. The industry is the largest employer in the states of Colorado, Maine, Nevada, New Hampshire and Vermont; the second largest employer in California; the third largest here in South Dakota as in New York and Pennsylvania; and the fourth largest in Michigan and Wisconsin. The increase in tourism industry employment since 1973 in eating and drinking places alone is greater than the total employment in the automobile and steel industries combined. In 1980, tourism was responsible for having hired 35 percent of all new employment. It is noteworthy that tourism is a service industry and, therefore, offers job opportunities for the less skilled. The tourism work force is made up of 53 percent women, 14 percent minority, and one-third are youths from 16-21 years of age.

The economic impact of tourism in the state of South Dakota is significant. A study conducted by the United States Travel Data Center, an affiliate of the Travel Industry Association of America, for calendar year 1981 determined that tourism-generated dollars spent in South Dakota were over \$456.4 million. Tourism accounted for almost 14,500 jobs and that represented 6.3 percent of the state employment. Tourism provided \$82.5 million in wages and salaries. The South Dakota Division of Tourism has a budget of \$1.6 million for 1982-83 and ranks 25 out of 50 states. The average budget for all the states across the country is \$2.5 million. This state has several national parks, monuments and American Indian communities to promote as attractions to potential visitors. In addition, South Dakota is famous for its bountiful hunting and fishing locations. To illustrate the revenue producing potential of tourism, the South Dakota Game, Fish and Parks Department reports that in 1981 the state generated \$5,076,864.00 in revenue from the sale of hunting and fishing licenses and stamps. Of this amount, non-residents paid to the state \$1,745,670.00. Though these are impressive figures, South Dakota could realize even greater

economic benefits from this industry if it increased its funding of programs designed to promote the state as a destination point for non-resident tourists.

With the new political and economic environment, state and local governments are desperately searching for new sources of revenue, and the sales of services and goods to tourists from abroad generate tax receipts which would not be earned otherwise. For example, the 23 million foreign visitors to the United States in 1981 made considerable contributions to our economy. During that year, foreign visitors spent \$12.2 billion while staying here, which in turn directly supported over 300,000 jobs. International tourism produced \$460 million in state and local tax revenues, and put another \$650 million in federal tax coffers. State and local governments are beginning to recognize that tax receipts from foreign visitors represent a revenue gain for the destination state, which is not at the expense of another U.S. jurisdiction (e.g., residents of South Dakota visiting Montana generate sales tax in Montana, not their home state; whereas, foreign visitors increase every jurisdiction's tax revenue). In 1980, it is estimated that foreign visitor expenditures in South Dakota totaled \$71 million.

All of these are reasons why there is a national economic interest—and a federal role—in international tourism. The travel and tourism industry continues to be vitally interested in the purposes of the National Tourism Policy Act of 1981 which made the promotion of foreign visitation a national policy. The history of the national tourism policy legislation movement has been long and arduous beginning in 1974 when Senate Resolution 347, cosponsored by 71 senators, authorized a national tourism policy study. In 1977, the national tourism policy study issued its report and recommendations, which included results of a series of extensive regional and national meetings to assess the needs of the travel and tourism industry. These meetings were attended by nearly 300 public and private sector industry leaders. A National Tourism Policy Act was subsequently passed by Congress in 1980. Unfortunately, one of the last things President Carter did was to veto the Act. This was very discouraging to the travel and tourism industry because we had fought a long time to get a National Tourism Policy Act. A lot of dedicated people had joined in the subcommittee hearings to testify and help move the legislation through the House and Senate only to be vetoed by the President.

Fortunately, Mr. Chairman, as our present champion of tourism in the Senate, you introduced a new National Tourism Policy Act in January of 1981. Finally, the culmination of this investment of time and cost in terms of extensive hearings and detailed private and public input took the form of the National Tourism Policy Act as signed into law by President Reagan in October 1981 and designated the United States Travel and Tourism Administration as its principal instrument of policy implementation.

Mr. Chairman, the industry is elated with the recent passage by the Senate of the bill you introduced, S. 212, which authorizes funding levels for USTTA at \$13, \$14 and \$15 million in 1984, 1985 and 1986 consecutively. This legislation would reverse the six-year trend of continuous reductions in funding for USTTA. In addition, the multi-year authorization would do much to improve USTTA's ability to develop cohesive ongoing marketing plans. It is imperative that USTTA be adequately funded in order to generate jobs in all areas of the country, increase federal, state and local tax revenues, improve export earnings, and restore the competitive position of the U.S. in the world market place.

Clearly, USTTA's revenue-producing international travel promotional programs constitute a rational government policy that contributes to the viability of hundreds of thousands of small businesses, especially in many rural areas where economic growth through industrial development is not feasible.

Mr. Chairman, on behalf of the entire travel and tourism industry, I applaud your commitment and leadership in seeking adequate funding to enable our nation's only overseas tourism promotion agency to better compete with other nations' more liberally funded operations. It is noteworthy that the average spending among all countries of the world was over 100 times USTTA's funding in 1981 on a per capita basis. The average budget for national tourism organizations worldwide is \$3.53 per capita compared to the U.S. at 3½ cents per capita. This far below average investment in USTTA activities has caused the U.S. to continue its 7 year decline in competitiveness to a rank of 64th in the world in terms of funding of national tourism organizations. The U.S.'s competitive position in the world has continued to slip each year since 1976 as USTTA's international

promotion efforts were decreased with each successive budget cut. In 1981, when federal funding for international promotion declined to \$5.8 million, other governments of the world increased their promotional funding by an average of 39 percent. On a per capita basis, the U.S. ranked 56th worldwide in promotional spending in 1981 and has likely slipped further as funding for USTTA was reduced while the dollar continued to gain.

The U.S. share of world tourism receipts declined from 13 percent in 1976 to 10.6 percent in 1982, paralleling this downward trend in USTTA funding. Each 1 percent of world market share in 1981 translated into \$1 billion in export receipts; \$95 million in federal, \$59 million in state, and \$11 million in local taxes; and approximately 28,500 jobs.

Obviously, the economic impact of tourism touches all of us. The economic benefits of tourism extend directly and indirectly to the entire population—both urban and rural—of the United States.

In conclusion, let me say that tourism is everybody's business. We must all work together to build a stronger United States tourism industry. When the United States loses on international spending, each state suffers, as does each of our respective industry segments and businesses. Each of us has a mission. We must continue to educate ourselves, our state legislators, our congressmen, as well as our general business community that federal and state governments' funding of both international and domestic tourism promotion programs creates jobs and tax revenue. Our public decision makers must be informed that the economics of tourism justify our federal government establishing an adequate budget to compete in the world marketplace. Our states must likewise provide similar budgets funding tourism.

Mr. Chairman, let me say that I am grateful for this opportunity to share with you and your colleagues my views on these critical travel and tourism industry concerns. This concludes my testimony.

Senator PRESSLER. I call on Margaret Quintal of the Mitchell Chamber of Commerce.

Ms. QUINTAL. Senator, I am extremely pleased to be here and to be representing the Mitchell Chamber of Commerce.

I would like, as further introduction, to tell you that I also serve as a director of the Oscar Howe Art Center in Mitchell, a nonprofit organization which is, along with other similar organizations, very closely related to the impact that tourism has on the State. I am also presiding chair of the State arts council and my comments will include information obtained through that organization.

I find it quite emotionally satisfying to participate in hearings here at Mount Rushmore. I was doing a little preliminary reading about Mount Rushmore and, interestingly enough, I feel that perhaps Mount Rushmore really represents tourism in South Dakota. At least in the initial days, it was an idea then of Doane Robinson who presented it before a meeting of the Black and Yellow Trail Association in 1924. My reading also showed that the group relatively overlooked the idea, but the press picked it up and that is how the initial concept of Mount Rushmore was publicly born.

One of the things said in an address to that group was that every community should have something to draw tourists. This was some time ago when some of the visionaries of our State were considering other areas of economic impact in those days, too. I wish every community had a Mount Rushmore, but all areas do have other historical elements which need to be preserved, whether they are structures or customs.

I would like to just share a little about Mitchell and some of our perceptions and share with you what the Oscar Howe Art Center shares as a very special aspect of the town's cultural and historical

integrity. The center is joined by companion organizations such as the Lake Mitchell Prehistoric Indian Village and the Friends of the Middle Border Pioneer Museum. Other attractions such as Enchanted World Doll Museum and the Mitchell Car Museum add their resources for developing an appreciation of a heritage which complements the historical significance of the well-known Corn Palace.

Citywide cooperation with businesses directly affected by tourism realizes, one, museums and other attractions enhance community life throughout the year by stimulating periods of moderate activity through needs for lodging, meals, and transportation. Second, motels, hotels, restaurants, gas stations, bus lines, et cetera, encourage visitors to remain in one location longer and to enjoy the pleasures of the area. Mitchell, like many other small communities, depends upon this spirit for survival.

Statewide, paralleled by the efforts of the South Dakota Arts Council, economic growth and development has been increasingly rewarding. While many of our residents provide audiences for theaters, museums, and special events, the summer season's highlights include popular arts fairs and festivals.

Nearly every community, large or small, holds a gathering to share experiences, talents, and crafts. Thousands of out-of-State visitors join the spirit of the plains and prairies to recapture the joy of the polka festival, the rhythm of a fiddling contest, the appreciation of carefully handcrafted artworks.

I might add that in Mitchell alone we hold a 2-day celebration which brings in 10,000 people. It is very small compared to others around the State, which consist primarily of local people but are also highly popular tourist attractions.

An economic impact survey of nonprofit arts organizations conducted 2 years ago under the direction of the South Dakota Arts Council revealed that the arts alone represents a \$1.7-million-per-year industry which directly employs over 1,200 people in a paid capacity and 12,000 more in volunteer service.

This reflects information provided by only 63 of the 168 organizations to which the survey was distributed. Mr. Toohey's comments regarding the role of the National/Federal Government, as related to tourism, I think are extremely valid, extremely important. I think we all have a role to play.

In South Dakota we have a culture that is barely 100 years old and one of the things that I feel is extremely important is that we utilize through some of the existing Federal agencies such presentation abilities that the agencies have to help save cultures in rural America and in rural South Dakota.

I would also like to suggest that perhaps allocations through the State tourism agencies could assist communities by acknowledging special differences they possess and by encouraging retention of the customs and lore which infuse the pioneer spirit as this parallels Dr. Johnson's data bank concept.

The South Dakota Arts Council for some time has been considering what we have called a rural arts program. When we bring visitors to our State, the State has to know what we have in order to share with them.

In an attempt to develop a State resource, I would like to introduce a suggestion that perhaps a program could be launched that would include data that would help us ascertain who the people are who maintain the old folk traditions. Both pioneer and Native American societies would give to rural areas a renewed sense of importance which may serve as a significant and continuing thread between urban and rural cultures.

I would like to take this opportunity to just exercise a little bit of caution. I am a native-born South Dakotan. I love this part of the country. I love to travel but I do not desire to live anywhere else. I think that is a very important thing we need to share with people and to remind ourselves that, while the economic growth through tourism is very important to our State, our quality of life here as residents is equally important.

I am concerned that commercialism and perhaps a lack of combined sense of purpose could lead to an industry which could contribute to our Nation's depreciation of herself and her beauty by creating a national disaster whereby our national attractions, and those which develop as a result, or alleged ones of the country's individual provisions and the selfish collection of the almighty dollar, with the resulting loss of the aesthetic heritage of appreciation to the State of South Dakota.

I would also like to suggest, in the implementation of the national tourist policy, that we keep in mind what the differences between urban and rural mean for visitors in these areas. When those of us in rural areas travel to a city, most likely we are looking for some of the cultural advantages of ballet, opera, art galleries, and museums.

While we do have some of these opportunities in the rural areas, one of the things mentioned repeatedly by other witnesses who have testified is the love of the wide-open spaces, that is what people notice most. I think it is our duty to protect these wide-open spaces. I think we can still do that and encourage economic productivity. We can all still enjoy what we see here today without terrible assault upon the land while we all are enjoying the beauty that nature has given us.

I thank you for allowing me to testify. It has indeed been my pleasure. Thank you.

[The statement follows:]

STATEMENT OF MARGARET QUINTAL, DIRECTOR, MITCHELL CHAMBER OF COMMERCE

Thank you for permitting me to add some perceptions on the impact of tourism on rural economies for discussion at the subcommittee hearing on June 1.

I would like to respond from two points of view: 1) as the Director of a small Art Center in Mitchell and, 2) as the presiding chair of the South Dakota State Arts Council.

This topic may involve some very basic human needs. What really motivates people to travel? Can it be more than the desire to just "get away from it all," or the "grass is greener" syndrome, or in South Dakota's instance, "The Pheasant Capital of the World," "Where the Buffalo Roam," "Gateway to the Black Hills"? Perhaps, it is the desire to reinforce our belief that America does indeed still possess beautiful skies, breathtaking mountaintops and amber waves of grain. Or, it may be the desire to learn—and, it may be in that respect that rural areas hold the key for renewal—the inspiration for human worth which the franticness in highly-populated areas seems to drain from its inhabitants. This may also explain what motivates masses of peoples, continentally and from abroad, to seek to rediscover that essence of America.

By its nature, "rural" embraces the image of a friendly and open spirit—one which small businesses and communities can easily understand and develop. The charm of that essence provides relaxation and hope to those who annually trek across the land.

Mitchell, conveniently located off the state's primary interstate highway, is easily accessible for commerce as well as tourism interests. Its charm lies in the willingness to share its heritage and in the hospitality it bestows upon its guests. Considered "urban" by state population figures, if judged on a national scale, the remoteness of the entire state punctuates its rural nature.

The Oscar Howe Art Center shares a very special aspect of the town's cultural and historical integrity. The Center is joined by companion organizations such as the Lake Mitchell Prehistoric Indian Village and the Friends of the Middle Border Pioneer Museum. Other attractions such as the Enchanted World Doll Museum and the Mitchell Car Museum add their resources towards developing an appreciation of a heritage which complements the historical significance of the well-known Corn Palace.

City-wide cooperation with businesses directly affected by tourist services realizes: one, museums and other attractions enhance community life throughout the year by stimulating periods of moderate activity through needs for lodging, meals and transportation; second, the motels/hotels, restaurants/cafes, gas stations, bus lines, etc., encourage visitors to remain in one location longer and to enjoy the pleasures of the area. Mitchell, like many other small communities, depends upon this spirit for survival.

Statewide, paralleled by the efforts of the South Dakota Arts Council, economic growth and development has been increasingly rewarding. While many of our residents provide audiences for theatres, museums and special events, the summer season's highlights include the popular art fairs and festivals. Nearly every community, large or small, holds a gathering to share experiences, talents and crafts. Thousands of out-of-state visitors join in the spirit of the plains and prairies to recapture the joy of a polka festival, the rhythm of a fiddling contest, the appreciation of carefully handcrafted artworks.

An economic impact survey of non-profit arts organizations, conducted two years ago under the direction of the South Dakota Arts Council, revealed that the arts alone represent a \$1.7 million-per year industry which directly employs 1,264 people in a paid capacity and nearly 12,000 more in volunteer service. This reflects information provided by only 63 of the 168 organizations to which the survey was distributed.

Significant federal impact seems most evident and productive through Historical Preservation incentives to save a culture that in most cases is barely 100 years old. If we are to safeguard the concepts of "rural," continued commitment must be made in this area.

Larger allocations through state tourism agencies could assist communities by acknowledging the special differences they possess by encouraging their retention of the customs and lore which infuse the pioneer spirit.

A developed program of seeking persons who maintain the old folk art traditions (both pioneer and Native American societies) would give rural areas a renewed sense of importance which may serve as the significant, continuing thread between urban and rural cultures.

Thank you again for this opportunity. If my office or the South Dakota State Arts Council can assist in any way, please let me know.

Senator PRESSLER. That is fascinating because we have overlooked the arts and humanities. I think that affects a lot of people.

Chamberlain, a small town, has an outdoor art gallery as an attraction. Grenville is trying to reconstruct and move one of original prairie churches, which I think is a very interesting thing for a small town to do. Throughout our State we have arts and humanities and I am glad you brought this up. I have a few questions.

First of all, I have one for Bill Toohey. We are lucky to have him in our State. Bill, would you tell us your view of what the relationship between the U.S. Travel and Tourism Administration and the State travel agencies should be?

It seems to be one of the most beneficial programs and it will help the States to promote themselves. Of course, the Under Secretary has budgetary problems, and other constraints. I have been one who has said publicly how that job is to be used and that I do not want that job to be used as a political stepping stone in any way.

Yesterday, I signed a letter to the President asking that we get someone appointed now who has a background in the travel and tourism industry. I am sure your views will be carefully considered. But I have been a little uneasy that this position doesn't get the proper priority within the administration. That has been sort of the history of it.

Maybe we are all going to have to get much tougher on insisting that the job be filled by a trained person in the field. Sometimes someone who has access to the President or the Secretary of Commerce is equally effective, but it is hard at that level to achieve certain things.

In forming the legislation, we talked about making a requirement that it be someone with that background. That is the intent of the bill. It has not necessarily worked that way. No criticism, by the way, of the people who have been appointed to it, but we have to stabilize that position. You may have some comments on the Under Secretary position.

Mr. TOOHEY. I agree with that assessment, Senator. Unfortunately there is a political problem in that the Agency itself has not been appreciated within successive administrations. And there have been attempts, as you know, to alter authority by transferring powers to other divisions of the Commerce Department, all of which means, quite frankly, that that position is not an attractive one to a professional.

It is not very heartening to seek an appointment to head an agency that has barely enough money to operate. It has a \$5.4 million budget recommendation. If that level of funding were to prevail it would have no marketing program.

That is why the industry owes such a debt of gratitude to you to get that funding up to a reasonable level so the agency can begin to carry out the responsibility granted in the National Tourism Policy Act. When that happens, then I think it will be much easier to get a travel professional to head the agency because he will be able to do something.

Senator PRESSLER. Presently he is hamstrung. We met with the No. 2 fellow on the subject and it is just tough to get somebody to stay in that job. He does not have the money to even staff his office properly, and it would be embarrassing to try to do the job. But I think it is beginning to turn around now.

I think the message over there is clear. But in terms of the functioning of the office, how is the relationship between the Under Secretary and the States? Have you seen that?

Mr. TOOHEY. My own personal feeling, Senator, is that the Federal Government has a responsibility for promoting the United States as a travel destination competitive with the efforts of other governments. That is not something that the private sector could ever do. The private sector is busy promoting its own products and services and would never be involved in promoting the U.S.A. as a travel destination. It is clearly a Federal role.

It is my own personal belief that the States travel office should function the same way. Its primary responsibility is to promote the State competitively with the activities of other States who are trying to lure visitors to their States. The private sector should be relating to the State effort as the umbrella promotion.

In my view, in an ideal world, the States and the Federal agency would be working very, very closely together. Each State should see that it is properly represented in the overall national marketing program that is carried out overseas. I think it should be a hand and glove type of activity because the purposes are much the same.

I think if we ever get to a point of having the kind of marketing program this country ought to be carrying out, that it is going to attract a lot of tie-in promotion and advertising from the private sector because they will see a benefit from it and they can get into a specific program to which they can relate their bottom line.

So if we ever get rolling with the right kind of funding and marketing plan, the Federal Government is going to benefit from it in terms of increased foreign exchange earnings, tourism employment and tax generation. The State is going to benefit from it through jobs in the State and taxes in the State. The industry is going to benefit from it because it will increase the industry's profitability.

After all, it is the private sector that provides the opportunity. That is where the jobs get created. So it is foolish if all of us do not work together.

Senator PRESSLER. I appreciate your comments that private industry has certain responsibilities and the Government has certain responsibilities. Indeed I think that the recent efforts in private industry to put together a marketing plan have been very good.

It is my understanding that some of the best marketing minds in the business are involved in this effort and it is being done at no cost to the Government. This is an example of how the private sector can assist the Government's tourism efforts in a cooperative fashion.

You might tell us something about that marketing plan and its development and if there are other areas where such cooperation has taken place or could be taking place.

Mr. TOOHEY. The USTTA is not able to recommend to the Congress or anybody else a marketing program that would exceed in cost the amount of money the administration is asking for its operation, which currently is \$5.4 million. So the industry has come together and as part of the Travel Industry Association's international committee an effort is being made to get the best marketing minds, as you say, to put together an industry recommendation that clearly outlines the Federal role.

What is it that the Federal Government should be doing? What are the objectives such a program should have? How can those objectives be measured? And what will it cost to carry it out?

If your objective is to return the United States to a 13-percent market share of global tourism, rather than continue to watch it slip—it is down to 10.6 now—if your effort is to create x thousands of jobs, then that is what this program should be designed to do. We will have a preliminary release of this report by the end of this month, and a much more detailed plan later this year.

The industry is just saying, "Look, we have marketing expertise in the travel and tourism industry. Let us bring it together and recommend to the Government things the Government should do." What the industry thinks the Government should do.

Senator PRESSLER. I would like to ask Margaret some more about the arts and humanities. Freeman, S. Dak., has a spring fest which really brings people by the busloads from all over. They have a unique situation there that is a tradition.

We do not want to create things that are artificial, but a lot of our communities in South Dakota have a little more ethnic mix. They have a production in Frederick which is Finnish in origin, and in Montrose, Irish, although there are many Germans over there and the Danes, and so forth. I spoke at their graduation.

There seems to be a lot of potential for doing something along those lines with good humor, although everybody in the community is not of that ethnic background. It would also heighten our awareness of our varied culture, and so forth. That is one thing I frequently see.

But I do think that the arts and humanities are something we need to think of in terms of tourism. It is true that when you go to New York City you are going to see a play, or see a ballet, or something. A lot of people, when they come here, go to see an Indian reservation, or some of the attractions that would be in that local category. So I think what you said is excellent.

Do you have any additional thoughts along the lines of what communities could do?

Ms. QUINTAL. I do not, particularly. However, do you know many of these communities have a desire to reinforce, to record, to document their history? We are losing so many of our small towns and with that goes a part of what has made rural South Dakota, which I find a real sense of pride in.

In going back to Mr. Toohey's comments, I think once we define the role that the National Government should play in that, how it will relate to the State's role, and then how it will relate within the States with agencies such as ours, I think that is where our real challenge comes. It is to coordinate efforts along those lines in those groups, hopefully before we lose any more of those special touches that we have.

I would like to share a very brief story. I was in a meeting in Minneapolis, as my duties in South Dakota put me onto a regional board. One of the programs of this regional board is called "Meet the Composer." I think it provides a very good example of how we can utilize our natural resources, to go into communities and in turn then, how these things are going to benefit the economy whether it has been through a visitor/tourism or local type of aspect.

This small town in Wisconsin wanted to have a song. They wanted their own city song, so they hired a young, professional composer. She went to this small town with no previous ideas, and she visited with the people. At first, they were very intimidated by her. As she talked with them they would be sitting in various areas, but pretty soon, someone brought in a saw fiddle, and they all jointly sat there and composed.

I think the point I am making is that out of this came the community song which this professional helped orchestrate, but the townspeople themselves were the creators. I think that maybe in essence—I am not

trying to put ideas or words in Mr. Toohey's comments—but I think in that sense, that is going to be what we are going to have to do.

We need professionals. In order to do anything right you need professionals, in whatever field, and if, out of this national tourism policy, we can come up with professionals to lead the way to help us develop, then we will all have our own songs in these rural areas and they will be preserved for years.

Senator PRESSLER. That is well said. We had a futurist before our committee and he pointed out that, traditionally, part of the American liberal arts education was to go to Europe, not only to see the universities and cathedrals, but to visit a lot of the villages and so forth. As time passed, a visit to the United States became a part of the liberal arts education in Japan and Europe. And if that does develop, the visitors are going to want to see not just the great cities but also some of the local culture and history.

It seems that, in South Dakota, it has only been in the last 20 years that we have become aware that an interest in South Dakota history has really gotten to be a widespread thing, and interest in family trees and so forth. We are just starting to realize that we are a nation, that we are not a new country anymore.

This tourism industry, by the year 2000, could be the leading industry in the United States because there is such interest not only in visiting our big cities but interest in the local cities and towns across the country. So I think we should anticipate that and take advantage of it and plan for it. That may sound a little far afield but it is very realistic.

The recent book on megatrends points out that people are very interested in cultural heritage and local history and family history. That is just kind of coming alive in the United States, more so than it has been in the past, so I think you put your finger on a very important area.

Bill, do you have anything? It is so nice of you to travel so far.

Mr. TOOHEY. It is an honor to be here, Senator.

I would go anywhere in appreciation for what you have done for this industry.

Senator PRESSLER. Thank you very much.

We will call on our last panel. Sandy Bronson, director of the Glacial Lakes Association, Watertown, Obed Olsen, South Dakota Campground Owners Association, Lester Pullen, Rushmore Cave, Keystone, and Ray Schultz, Chef Louie's Lounge, Mitchell, all of whom we are very glad to have here.

STATEMENTS OF SANDY BRONSON, DIRECTOR, GLACIAL LAKES ASSOCIATION; OBED OLSEN, SOUTH DAKOTA CAMPGROUND OWNERS ASSOCIATION; LESTER PULLEN, RUSHMORE CAVE; AND RAY SCHULTZ, CHEF LOUIE'S LOUNGE

Ms. BRONSON. Thank you, Senator Pressler, for giving us the opportunity to present our views on the tourism industry.

Included in my written testimony was a bit of the association history which I would like to pass over. I would like to expound on the fact

that, since a full-time director was hired in 1980 to carry out the agenda of the association, objectives of the association, and a formal plan of action, the visibility of the Glacial Lakes region has made its mark in the tourism industry in South Dakota, due to the attractions, activities, and events plus the lakes and resorts that provide family fishing vacations and summer recreation.

We have heard a lot about western South Dakota and now I am going to take you back to the eastern part of the State. Sometimes we feel that we are forgotten in our contributions to tourism. I would like to expound a little bit upon the types of activities that we have available.

For instance, the Antique Auto Show and Parade, Sisseton; the Sisseton Wahpeton Sioux tribal pow wow at the old Sioux Tribal Agency in Sisseton. South Dakota's only monastery, Blue Cloud Abbey, at Marvin. The Blue Dog Fish Hatchery at Wauby, Fort Sisseton Festival at the State park, which attracts approximately 15,000 visitors per season since it started 4 years ago. The Wild Life Arts Festival in Watertown. Baseball Hall of Fame in Lake Norden, Crystal Springs Rodeo in Clear Lake, and the Summer Arts Festival at Brookings.

These are just a few. The one I would like to talk about is the Laura Ingalls Wilder tour and pageant in DeSmet, which is what I am most familiar with. This is another nationally and internationally known attraction. The stories of the prairies have been translated into several foreign languages. The pageant recreates the Laura Ingalls Wilder stories as written in the Little House book series, and it started in 1969.

The pageant is performed in an outdoor theater setting located near the original homestead site of Pa and Ma Ingalls. Community members volunteer their time and talent to perform the pageant 3 weekends during the summer season. This is on Saturday and Sunday evenings. The tour is of the actual homestead sites, the original buildings, and replicas of the shanty and the Brewster school where she taught. The tours are given from May through September.

Approximately 20,000 people per season visit the pageant and tour sites and in 1983, 52 States and 27 foreign countries were represented. With only one motel in the DeSmet area, the overflow of visitors are housed in private homes and then they are referred to the surrounding communities of Lake Preston, Arlington, Brookings, and Huron.

Although accurate records have not been kept, the economic impact is significant in the fees charged for the pageant and tour as well as motel, camping facilities, food, beverages, gas, and other services that generate income. According to national averages in computing the approximate monetary gain, each dollar turns over five to seven times within a community and 35 cents of that dollar remains permanently for reinvestment.

In my estimation, this is a prime example of what tourism can do to help the economy of the State, the Glacial Lakes region and particularly a small community. Granted it is only a small percentage of the overall tourism picture for the State, but it does show some validity as to the effects that tourism has had in the Glacial Lakes region and to the second largest industry in the State of South Dakota.

The beauty of the hills and the prairies and the scores of lakes attract visitors from all over the United States as well as foreign countries. Most of our counties in the Glacial Lakes region have lakes and resorts

that draw family vacationers seeking good fishing and summer recreation.

The monetary value of these resort businesses in the Glacial Lakes region affect not only the Federal, State, and local governments from tax revenue collected, but also license sales and revenue for game, fishing and parks, and the local surrounding communities that reap the benefits of the visitors' dollars spent for food, beverage, and gas and services.

Part of our long-range plan of action is in fact that our association has recognized eastern South Dakota as a prime agriculture area. With the growing interest in agriculture, especially of foreign visitors and those from the metropolitan areas of the United States, the Glacial Lakes Association will be developing an agriculture tour for our region.

We have had several county commissioners who are very interested in doing just this. The association will work with our leading industry of the State to identify the needs and developments of both.

Pardon the pun, "Sunday drivers," but we are going to give them something to do in the Glacial Lakes area. We would like to provide driving tours for them and for other visitors to our area.

It will primarily focus on the local residents of our region, though, to acquaint them with the area and what is available. As Governor Janklow put it, the people of South Dakota with their friendly hospitality are our best source of advertisement and promotion.

Since 1980 the Glacial Lakes Association has participated in travel shows to promote the Glacial Lakes region. We have also been instrumental in the placement of highway signs along Interstate 29. We provide orientation programs for rest area personnel and tourist information centers in the Glacial Lakes region, to acquaint them with the Glacial Lakes region.

The association was instrumental in the development of two brochures and a map for the region. In our packets of information we include various brochures from private resorts, attractions, city brochures, plus a calendar of events for our Glacial Lakes area. State brochures are utilized in addition to the State vacation guide. We also utilize hunting and fishing information and guides and State park brochures provided by the game, fish and parks department.

I am very excited with the strides and accomplishments made in the tourist industry in the United States and especially in South Dakota. More particularly, your efforts, Senator Pressler, with your bill you worked so hard to pass on our behalf.

[The statement follows:]

STATEMENT OF SANDRA M. BRONSON, EXECUTIVE DIRECTOR, GLACIAL LAKES
ASSOCIATION

In 1962 four counties in northeastern South Dakota established the Northeast Lakes Region Association to Preserve, Promote and Develop the economic stability of this region through tourism and recreational potential. Since that time six additional counties have joined and the name changed to the Glacial Lakes Association. A full time director was hired in 1980 to carry out the objective of the association and a plan of action formulated. (See attached sheet.)

The counties are: Roberts, Grant, Day, Marshall, Brown, Codrington, Hamlin, Deuel, Kingsbury and Brookings.

Major Events and attractions listed for each county (attached sheet).

Example: Laura Ingalls Wilder Tour and "The Little Town on the Prairie" Pageant, DeSmet, South Dakota. The pageant recreates the Laura Ingalls Wilder stories as written in the Little House book series. The pageant started in 1969. The tour is of the actual homestead sites, original building and replicas of the shanty and Brewster school where she taught. The tours are given from May through September.

ECONOMIC IMPACT

Approximately 20,000 people per season visit the pageant and tour sites. In 1983 52 states, 27 foreign countries were represented.

Visitors are housed in the following communities: DeSmet, Lake Preston, Arlington, Brookings and Huron. Accurate records have not been kept, however, the economic impact is significant in the fees charged for the pageant and tour as well as motel, camping facilities, food, beverages, gas and services. National averages are used in computing the approximate monetary gain—each dollar turns over five times within a community and 35c of each dollar remains for re-investment.

In my estimation, this is a prime example of what tourism can do to help the economy of the state, the Glacial Lakes Region and particularly a small community. Granted it is only a small percentage of the overall tourism picture for the state, but it does show some validity as to the effects that tourism has in this region as the second largest industry in South Dakota.

The beauty of the "Coteau des Prairies," "hills of the prairies" and scores of lakes attract visitors from all over the United States as well as foreign countries to a quiet, virtually non-commercialized week or weekend vacation.

Most counties in the Glacial Lakes Region have lakes and resorts that draw family vacationers seeking good fishing and summer recreation. The monetary value of these resort businesses in the Glacial Lakes Region affect not only federal, state and local government through tax revenue collected but also license sales and revenue for the Game, Fish and Parks and local surrounding communities that reap the benefits of the visitors' dollars spent for food, beverages, gas and services.

FUTURE DEVELOPMENTS

1. Eastern South Dakota is a prime agricultural area and with the growing interest in agriculture, especially to foreign visitors, the Glacial Lakes Association will be developing an Ag Tour for the region. The association will work with leading industries of our State to identify the needs and development of both.

2. Driving tours for the Glacial Lakes Region will be available to visitors but will focus on local residents of our region to acquaint them with the area and what is available. They in turn will be our best source for advertising and promotion.

Since 1980 the Glacial Lakes Association has participated in the following travel show to promote the Glacial Lakes Region: Winnipeg, Canada; Minneapolis, Minnesota; Omaha, Nebraska; Cedar Rapids, Iowa; Des Moines, Iowa; Kansas City, Kansas.

The association has also been instrumental in the placement of highway signs along I-29. Also providing orientation programs for rest area personnel and tourist information centers in the Glacial Lakes Region. The Glacial Lakes Association was instrumental in the development of two brochures and a map to be used in the promotional activities for the Glacial Lakes Region.

In our packets of information we include various brochures from private resorts and attractions and city brochures plus a Calendar of Events for our Glacial Lakes Region. State brochures are utilized in addition with hunting and fishing information and guides.

GLACIAL LAKES ASSOCIATION'S PLAN OF ACTION

I. INTRODUCTION

What is the Glacial Lakes Association? "The Glacial Lakes Association is a non-profit, volunteer organization, comprised of counties, municipalities, businesses and individuals working cooperatively to develop a positive economic climate in the Glacial Lakes Region of South Dakota."

II. PURPOSE

Preserve and promote the economic stability of the Glacial Lakes Region; expansion of South Dakota's second largest industry, tourism; develop further recreation potential in the Region; cooperatively assist agencies whose purpose is agriculture and industrial development.

Identify and promote regional resources and improve utilization.

Create an expanded market potential.

Implement advertising on behalf of and in conjunction with regional services and attractions.

Serve as a liaison between governmental agencies and local business in those areas of concern to the Glacial Lakes Association.

III. PLAN

In order to carry out the essential tasks of the Glacial Lakes Association, committees are organized for variable lengths of time, determined by the task.

A. Ambassadors—Task: To represent their respective county and the Glacial Lakes Association in welcoming Glacial Lakes hosted guests in the area.

B. Agri-Business Committee—Task: To identify agri-business opportunities and assist agencies in their efforts to promote them.

C. Convention and Visitors Council—Task: To work with existing Convention and Visitors Bureaus throughout the Glacial Lakes Region in developing convention potential. To assist area communities in developing group tour packages.

D. Finance Committee—Task: To see that the Glacial Lakes Association maintains a sound financial structure.

E. Government Affairs Council—Task: To identify the legislation affecting the Glacial Lakes Region and the objectives of this Association. To serve as liaisons between county and state officials where deemed necessary.

F. Marketing Committee—Task: To coordinate all publicity and public relations activities on behalf of the Association. To act as a resource for members in developing a cooperative advertising program for the Region.

G. Membership Committee—Task: To provide the financial resources necessary to support the Glacial Lakes Association's Plan of Action through membership development.

MAJOR EVENTS AND ATTRACTIONS LISTED BY COUNTY

Roberts—Antique Auto Show and Parade, Sisseton; Pow Wow, Wahpeton, Sioux Tribal Agency Celebration, Sisseton.

Grant—Blue Cloud Abbey, South Dakota's only monastery, Marvin; Granite Quarries, Milbank; Old English Mill, Milbank.

Day—Blue Dog Fish Hatchery, Waubay.

Marshall—Fort Sisseton Festival, State Park, attracts approximately 15,000 visitors; Prayer Rock Museum, Britton.

Brown—Dakotah Prairie Museum, Aberdeen; Wylie Park Zoo, Aberdeen; Pari-Mutual Horse Races, Aberdeen; Story Book Land, Aberdeen; Chili Cook-Off, Aberdeen.

Codington—Mellette House, home of South Dakota's first governor, Watertown; Bramble Park Zoo (free), Watertown; Kampeska Heritage Museum, Watertown; Wildlife Arts Festival, Watertown; Chili Cook-Off, Watertown.

Hamlin—Baseball Hall of Fame, Lake Norden.

Deuel—Crystal Springs Rodeo; Pleasant Valley Ski Area.

Kingsbury—Laura Ingalls Wilder Pageant and Tour, DeSmet; Heritage House Museum, Oldham; Kingsbury County Courthouse National Historical Site, DeSmet.

Brookings—Agriculture Heritage Museum, Brookings; McCarty Gardens, Brookings; Pioneer Museum, Brookings; Tri State Chili Cook-Offs, White; Summer Arts Festival, Brookings.

The events in the Glacial Lakes Region are within a two hour driving distance from any stay in this area.

Senator PRESSLER. Thank you. When I heard the list of attractions that you read off at the beginning, I was very impressed.

There has been a great deal done with the local culture. I have been to the Laura Ingalls Wilder play and it is remarkable that a small town could put that on so well. They do a great job and I know that the publisher, the retired publisher over there, is a real authority.

By the way, it was prominently mentioned in the Watertown editorial opinion of Friday, May 27, that you were going to testify here. We are making that a part of the record. We very much appreciate your remarks and we will have some questions later.

Obed Olsen, secretary, South Dakota Campground Owners Association. We are very glad to have you here.

Mr. OLSEN. Thank you. I want to thank you for the opportunity to present the South Dakota Campground Owners Association point of view and observations. I would like to try to summarize the contents of my letter that I mailed on our behalf to Senator Larry Pressler, dated May 18, 1983. Here are the summary comments relative to that.

First, there are two ingredients one must have to make anything work. The first is proper funding with a concept or the execution of specific programs. The second is competent and efficient administration that cuts the program and does not waste money achieving the objective of that program.

Second, there is no question of the importance of the travel business in moving the people, goods, products and services to the economy of the State of South Dakota. One need only look at the record. We have the flood of 1972 and a decrease in travel. Probably the best example was the year 1979 with the gas lines.

If it had not been for the economic dislocation law and funding by SBA of motels, campgrounds, and restaurants, and what have you, in the State of South Dakota we would have seen a great number of businesses which would have gone under and not made it. In short, anyone who is at all familiar with the business of travel knows the importance of tourism to the economy of the local community and the economy of the State and the economy of the Nation.

The positive side of better business is worth mentioning. I refer to my own property at Spearfish, S. Dak. which is the KOA campground franchise. If times would not have been so bad here in the last 4 years, that is since 1979, my property would have been able to generate the following economic aspects that would have been good for the local community, good for the State, and good for the Federal Government as follows:

There is sufficient land whereby expansion would take place, another complete shower facility and bath facility would have been constructed, approximately 75 to 100 developed sites would have been built with electric water and sewer; there would have been additional people hired locally, for an increase of roughly seven to eight more employees; the construction would have been of benefit and help to the building industry, and labor hired would have been of benefit to the general economy; and finally, it would have benefited the U.S. Federal Government because the properties would have been paying income taxes rather than red ink, having to utilize borrowed money to stay alive. The result is our debit would not have been quite so bad.

SDCOA was pleased to hear that S. 212 was passed by the committee, which was to reauthorize the U.S. Travel and Tourism Adminis-

tration and the budget for the next 3 years. It is our sincere hope that nothing will happen to the funding of the USTTA, for if we are going to promote more foreign travel to the United States we have to spend some money via travel agencies, promotion at the Federal level, and with the qualified people and their expertise that are currently running the program.

We do have one excellent vehicle to attract the attention of the foreign traveler and that is the importance of Mount Rushmore and the history of this great country of ours. It appears to SDCOA that basically the starting point in tourist promotion of the State of South Dakota has to be built around Mount Rushmore to get their attention.

After that has been accomplished, then we can talk about our great lakes, tremendous fishing, the Badlands and Needles, the caves and excellent family attractions such as Wall Drug, Marine Life, Reptile Gardens, Black Hills Passion Play, and others. But in the beginning it is Mount Rushmore that is the building block and the basis to attract travelers to the State of South Dakota.

In the final analysis the key to making the concept work is funding. There has to be sufficient money to do the advertising and promotion necessary. How much money is a matter that should be left to the experts, along with the basic program that USTTA would like to accomplish.

In conclusion, the South Dakota Campground Owners Association hopes that these comments will be of benefit and help to the community in the final decisions that will be made concerning USTTA and the travel business at the Federal level.

I have one comment that is extemporaneous and that is, I do not comprehend the thinking process of the Senators and Representatives who want, literally, to redo the business of telling people to travel, and that is beyond my comprehension. I would really like to hear the argument by which they want to cut that budget to \$5.5 million.

Anyway, thank you for your time and consideration. I really appreciate having the opportunity to be here to represent the South Dakota Campground Owners Association and I hope my comments will have been beneficial.

Senator PRESSLER. Thank you. I think you and your group have done an outstanding job over the years and your comments are most welcome here.

Before questions, I am going to turn to Ray Schultz who is the president of the South Dakota Restaurant Association and also associated with Chef Louie's Lounge in Mitchell, S. Dak. We really appreciate your being here and we look forward to your comments.

Mr. SCHULTZ. Well, Senator, pretty much everything that I have to say would be repetitious. Since I came out here as an interested party and I am presently interested in tourism, there is not much that I could add to what has already been said.

I would say that Margaret Quintal, in making her remarks, did not comment that once a year, and this will be the seventh of this month, we have two bus tours from the Corn Palace. We take all area waitresses and everyone interested from different businesses in Mitchell and we give them a tour of all our points of interest in and around Mitchell. When the tourists do come through, they will make the right comments

and keep the tourists interested. We like to keep the people in our State as long as we can. We like to have them stay 2 or 3 days in Mitchell before they get out here in the western part of the State. We know they will stay here, it is beautiful scenery.

In fact, I took three roads to get up here today. I enjoyed the scenery. I think that there is so much to see that we can interest these people in all our attractions throughout the State and, of course, particularly when it comes to hunting season where the pheasants are. We had a great hunting season last year and we are going to have another one this year, I am sure.

I was in Chicago not so terribly long ago and on television it showed the State of South Dakota, Mount Rushmore, the rodeos, and all the points of interest—our Corn Palace and the whole thing. I tell you—even though it was the State I lived in—I was quite impressed.

I was out in California and on television they showed the ad. I think that is a great way to get out to the public. They could not help but be interested in seeing all the things that we have to see in South Dakota.

In my place of business in Mitchell, we have a large registration book divided by State, and people that come in register if they are out of State and make comments about our place. We get some very, very interesting comments. We also get comments from the foreigners who come and we sure have a lot of them. It is interesting to get all those comments.

Joseph Meier, who was just on the panel, has been in my steak house. We have his picture and the comments he had made about it. Tennessee Ernie Ford was there three or four times. He even wrote a letter from California about how he appreciated our place and Mitchell, S. Dak., and the Corn Palace and all the points of interest around here.

I had a letter the other day that was mailed to me because I had recommended the Corn Palace and the Doll House Museum. They wrote back and commented on how much they enjoyed me making the recommendation. They said they had spent the entire day just looking at things and she sure appreciated it.

So these are the things that I think, we have to do to promote our tourism and keep tourists interested in our State. And I think that about covers it, Senator. I appreciate being out here.

Senator PRESSLER. Thank you very much. We appreciate your coming and appreciate your association's good work because I think you are right at the nerve pulse of what is going on.

Mr. SCHULTZ. If your plane had not been late the other day, you also would have had dinner at our steak house.

Senator PRESSLER. That is right. I missed that.

Mr. SCHULTZ. I had to throw that at you.

Senator PRESSLER. I am sorry I missed that. I went to a little place right by the Corn Palace there. I had a quick sandwich. Right across the street. It was not as good as your steak. Thank you.

Sandy, on the Glacial Lakes Association, do you find that it is difficult to get support for a local/regional-type effort? I think that your summary at the beginning of the different attractions in your area was so good. And if somebody wants to take a car trip in that area, your idea of the car tours was good too.

How do you get your association, your local association, organized and what do its members do? Do they meet once a year? How does it work on a local level?

Ms. BRONSON. The association was originally organized by four counties that were interested in promoting tourism in eastern South Dakota, primarily northeastern South Dakota. And we have supporting memberships as well as private and individual membership and, no, we do not have any problems with membership.

I think the biggest problem that we are having as far as membership is concerned is identifying what the association can do for these people in promotional activities that we have going on. We utilize the media very heavily, newspaper, radio, and some television, and the travel shows as a means of promotion. Once they understand what it is we are doing for them, we have had no problems with membership. I think the members are very excited about the aspect of developing driving tours for people in our eastern South Dakota.

Senator PRESSLER. Obed, the South Dakota Campground Owners Association, if they have a problem they can turn to the congressional delegation, turn to the State, turn to the USTTA, but oftentimes the redtape and the problems are overwhelming. Who do your members turn to if they want to get a point across on the tourism and travel? Where do you find the best response? Do you find that the Federal offices are responsive? Or would it be hard to generalize?

Mr. OLSEN. I can give you a specific, Senator Pressler. Last year SDCOA came to a head, over the last year, in the general friendly meeting with all of the Government people and State people here in Rapid City, held in the civic arena. You had a representative from your office there. You could not be there in person. Mr. Daschle was the only one out of four people at that time who was there in person.

But we have found an excellent response when we have questioned you, from your office, and from Mr. Daschle, and it has been terrific, you know. Your two offices, yours and Mr. Daschle's have been most responsive to our requests for help relative to living together harmoniously; that is, the Federal campground and the private sector.

The effort was to get the Federal and State and city to recognize that the public was only picking up about 30 percent of the actual cost of camping. In the study of SDCOA, done last year, Jack Broadus, the chairman of the internal affairs committee, a very, very competent man, did the study and pointed out that the closer the private campground was to the Federal or State or city campground, the lower the camp fees. Because you always feel the competition.

If somebody was crazy enough to build a second Chef Louie Steak House across the road from Schultz here, in Mitchell, and decided to sell steaks at half price, he might go broke in the process, but Ray sure would wonder what happened to a lot of his customers.

The trouble with the Government, when you are in direct competition, and I will not belabor that point, but the trouble with Government is they are on the public tax revenue, and you cannot bankrupt the Federal Government. At least at the moment, they are not bankrupt. But we have a specific problem in this business, in our industry. We have really found marvelous support from your office and Mr. Daschle's office.

Senator PRESSLER. Thank you.

What about the dealings with the U.S. Travel and Tourism Administration?

Mr. OLSEN. We have not had any direct dealings, really, with them, either in the past in terms of past executive secretaries nor since I have taken over in office. There has not really been a need for that at the present time.

However, I will say that if the Congress goes along with this funding so that we have a viable USTTA that can accomplish something, you cannot get anything done without any money. Money is the heart of it. The joy or evil as the case may be, but I can see where we are going to be communicating with them.

For example, I wish we could put together a brochure that is not going to cost a fortune, that can be distributed in some way in foreign languages, and this type of thing, you bet.

Senator PRESSLER. Thank you very much.

Ray, in the last 5 months my office has gotten more mail from waitresses regarding this tip withholding thing. In my listening meetings—I hold frequent public listening meetings around the State in different towns—several waitresses came out, so I know how strong the feeling is. I know how busy they are. It is unusual for them to come out to meetings and see their Senator because they are busy with other things.

They complained that in South Dakota, the original tip is frequently not at the level that has to be withheld, and so forth. We tried to repeal that. The problem is that we are going to throw the baby out with the bath in some of the big hotels and resorts. There is an unreported tip income, I guess, but I think most of our waitresses are in such a low income tax bracket that revenue is not going to be enhanced very much. Do you have any comments on that at this point?

Mr. SCHULTZ. I feel that there are several truck stops, in a few of those places, where they probably do not get up to 8 percent or even 5 percent. In my own place of business, though, our waitresses have no trouble. They report honestly, and I have no problem there at all. But I know some are not reporting at all and I really feel that—well, I tell you, maybe I should not say this but I called the IRS the other day to get some information and they cannot even give any information.

They have not put out the forms or a report or the local brackets other than 8 percent, or 5, or whatever, and they do not have a thing to show a person. I asked them various questions in regard to a few things I knew were going on, such as a person adding 15 percent on his guest check and then keeping the 15 percent, and not giving the waitress a dime. They could not answer me.

There are a few questions that could be resolved and I would like to get a few answers so that I could pass them on, but they do not seem to be able to give me any answers.

Senator PRESSLER. We have been trying to get the IRS to give us a printout on some of that.

Mr. SCHULTZ. I was talking long distance to Aberdeen, to the IRS there, and they gave me another address, so I will have to follow through.

Senator PRESSLER. We will be glad to transmit your letter to the head of the IRS. They keep saying a memorandum will be issued,

guidelines issued. It has gone on and on, and I am embarrassed by the situation. We will try to get some answers.

I am going to conclude this hearing. We will have some coffee here and I want to thank those people who came such a great distance this afternoon. This has been a 4-hour hearing. I have never had it timed this well before. I am usually late for my steaks but I am not late today. I will come back to Chef Louie and have that steak sometime.

I certainly want to thank the witnesses, especially those who traveled a great distance. We have developed a record here that will be very helpful. We covered a lot of ground.

I think that major problems in rural States like South Dakota need to be aired in the sense that we need to build a record. When we write legislation, when we talk to the Department of Commerce, when we talk about the new Department of Trade that is going to replace the Department of Commerce, and I think it should be called the Department of Trade and Tourism, we want to be sure that tourism gets a high priority.

I want to be sure that the Midwest is considered in these things because too often we think of the big cities and not enough about some of the attractions that are here.

We have a major problem in educating the traveling public, more importantly the public in general, about the importance of travel and tourism and its job creation potential. We have touched on transportation issues and the deregulation by CAB of the travel agent, but also other types of transportation. The need for better commercial data and statistics, and many other things which I shall not summarize completely here.

This record and what we have heard certainly will do a number of things. First of all, it will inspire me to work even harder in this area which I believe in so strongly. But I also think it will provide a record that we can use as a basis for legislation and amendments. We can also use it as a basis in our talks with the administration.

With that I am going to conclude this meeting unless someone has something to say. I see Eddie Clay came in. But if he does not wish to say anything on the record we can continue this informally over coffee.

Thank you very much.

[Whereupon, at 5 p.m. the hearing adjourned.]

ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

WALWORTH COUNTY DEVELOPMENT CORP.,
Selby, S. Dak., May 13, 1983.

Hon. LARRY PRESSLER,
U.S. Senator,
Washington, D.C.

DEAR LARRY: On May 11th, I talked with your Aide, Kevin Schieffer, regarding the upcoming meeting on tourism development at the Borglum Studio, Mt. Rushmore, on June 1st.

Kevin asked that I present some details of Walworth County's program and some of the statistical results of these programs.

Walworth County Development Corporation recognized, in 1981, that tourism was the second largest industry in the County and represented the largest growth potential for the area. While the "hard nose" approach to industrial development was to be pursued, the most immediate economic effect would result in developing the tourist traffic (fishing) to the area.

In keeping with Governor Janklow's policy of encouraging local initiative in developing such projects, an aggressive program was developed to use City and County resources to fund and implement tourism promotion. In this respect, some of the things the Walworth County Development Corporation has done are:

1. Established resources available.
2. In 1981, the County Board of Commission was approached to participate in the construction of another boat ramp and parking area. Through RC&D, City, Sportsmen's Club, County and Corps of Engineers, plans were made for the project. This was superseded by the Governor's Reservoir Development program, but the legal/local input was in place for participation with GF&P. This project is a reality today.
3. Local merchants, City and Walworth County Development Corporation have attended winter sports shows throughout the upper midwest. The cost of this promotion has been absorbed by the above named organizations. The State Department of Tourism provided booth space in Minneapolis in 1982 and an ample supply of State brochures.
4. The City of Mobridge has just completed a massive shoreline clean-up project.
5. When no funds for erection of a tourist information center were available, local residents funded and operated a temporary center. State Tourism brochures were dispensed.
6. The City and County each have printed their own brochures with no subsidy.
7. The local newspaper has published a Tourist Edition for free distribution.
8. A local merchant published a "Lake Oahe Guide" for passing out at winter sports shows. This is distributed at no charge.
9. Walworth County Development Corporation mans a "Walleye Hot Line" (telephone) for tourist information.
10. Daily fishing reports are given on local and regional radio stations.
11. Local Jaycees sponsor an annual fishing tournament.
12. Winter fishing is promoted (when ice conditions permit).

It is our feeling that by making the community attractive to tourists, we make the community attractive to prospective industries. Industrial and tourism development is conducted concurrently.

While the economic impact of this promotional program cannot be finitely stated, we do know it has been staggering. Some basic statistics are significant:

Walworth County	1981	1982	Percent Increase
Number of sportman's license.....	11,874	18,694	57.4
Dollars from sportsman's licenses.....	\$78,684	\$142,421	81.0
U.S. Corps of Engineers visitation.....	527,784	666,161	26.0
Taxable sales.....	\$34,377,354	\$37,237,329	8.32

¹ This occurred in spite of the Burlington Northern Railroad moving the Division Point out of Mobridge in April 1982 (an estimated payroll loss of \$1,000,000).

Yes, Larry, Walworth County is very aware of the economic impact of tourism. The time, effort and monies spent in this promotion have yielded great returns for not only Walworth County, but also the State of South Dakota. We feel very strongly that the greatest potential of tourism growth evolves around the Oahe and we all thank and commend Governor Janklow for his "hard nose", aggressive action in converting his Reservoir access and development plan into reality.

I, personally, plan to be at your June 1st meeting, and have put this together for your presentation to let other small, rural communities share in "How we did it", and also hope to gather some new ideas for future promotions. We also want to avail ourselves of assistance available from Federal and State sources to propagate this program.

We feel strongly that a larger amount of State promotion efforts should be directed to rural communities on the Oahe . . . that's where the potential growth lies.

Respectfully presented with Kindest Personal Regards,

GLENN U. HINDS, *Coordinator.*

RUSHMORE-BORGLUM STORY,
Keystone, S. Dak., May 20, 1983.

Hon. Senator LARRY PRESSLER,
*U.S. Senate,
Washington, D.C.*

DEAR SENATOR PRESSLER: Mount Rushmore, South Dakota's number one tourist attraction, is the destination. All benefits are derived from the number of visitors to this destination. All worthwhile destinations that charge for their service have increased visitation every year. All state parks that charge fees are able to upgrade their facilities annually. They improve the visitor experience and their visitors advertise to their friends by word of mouth. Charging a fee to enter the park is the answer for South Dakota. The Rushmore Society is rewarded financially annually in part by the charge paid to see Mount Rushmore through the viewing binoculars. Because of this charge to see Mount Rushmore, they can provide more services to Mount Rushmore and improve the visitor experience. Charging both domestic and foreign visitors who use the park is the answer for generating the funds to improve the experience. One dollar per person would raise 2 million dollars annually for increased services for Mount Rushmore.

Charging fees to use the national parks is not the only innovative proposal by this Republican Administration. Cooperative agreements with anyone who can provide a service in the national interest is the second proposal by this Republican administration. Presently the Rushmore-Borglum Story museum at Keystone is proposing a cooperative agreement that will improve the visitor experience at Mount Rushmore.

No improvements in any areas will benefit South Dakota as much as improvements in the visitor experiences at Mount Rushmore. If you increase advertising you may bring 3 million people to Mount Rushmore but if they are disappointed in the services they will not self generate additional tourists.

I certify that I have personally delivered this document on Monday, May 23, 1983 to the congressional office of Senator Larry Pressler in Rapid City, South Dakota. Please enter this into the written testimony of record for this hearing.

Sincerely,

DUANE PANKRATZ, DVM, MS,
Owner.

RUSHMORE-BORGLUM STORY,
Keystone, S. Dak., May 22, 1983.

Hon. Senator LARRY PRESSLER,
*U.S. Senate,
Washington, D.C.*

DEAR SENATOR PRESSLER: As the Director of Dr. Pankratz's Rushmore-Borglum Story and an active member of the NTA, ABA and ASTA I want to thank you for becoming the Senator most tour brokers associate with our business. Your efforts create an atmosphere in which the brokers want to bring tours to South Dakota.

Secretary Watt and the other members of the Reagan Administration have been seeking to change some of the philosophy that has become a part of our way of life while eroding the basic tenets on which our great nation was founded. As an advocate of free enterprise I would like to urge you to back their efforts. I believe the proposal to charge a moderate fee at Mt. Rushmore, and other National Park Service facilities, should be supported.

To use taxes from the General Fund to subsidize our parks and monuments imposes an unfair burden on those taxpayers who do not use NPS facilities and creates an atmosphere in which those who do can not be properly served. With commercial concessions growing within the boundaries of all NPS facilities it is difficult to defend a "no fee" policy on the basis of preserving a patriotic atmosphere or a sense of sanctity. It is my firm belief that not only would the visiting public be willing to pay a fair fee, but that most assume they will be required to do so, while others think they are helping defray the cost by patronizing the restaurants and shops.

Money raised by a reasonable fee could be used to enhance the public's experience in many ways, especially if such funds are used in conjunction with private sector cooperative agreements. Agreements, such as the one proposed at Mt. Rushmore by Dr. & Mrs. Pankratz, when entered into for the public good, benefit everyone, individual tourists, tour groups and NPS personnel. Whether we are talking about foreign or domestic visitors it is so much more important that we give them a meaningful experience rather than a free one.

Contrary to popular belief it was not Gutzon Borglum's intention to keep Mt. Rushmore free of any admission charge. That was a policy imposed by a Michigan Senator who could have defeated the appropriations bill. Senator Peter Norbeck, John Boland, Doane Robinson and Borglum planned to raise some of the needed money by charging a fee. This is documented in Mount Rushmore by Gilbert Fite (p. 85) and the Borglum Papers in the L of C.

But it was Borglum's intention to give the visitors an unforgettable experience, in terms of our history and heritage, as opposed to trinkets and products. That was why he fought until his death for authorization to complete the Hall of Records. That is why his children are still fighting to do so and why everything possible should be done to fulfill that dream, if not in the Hall of Records at least in the studio as the Pankratzs propose.

I certify that I have delivered this document, on Monday May 23, 1983, to the Congressional office of Senator Larry Pressler in Rapid City, South Dakota. Please enter this into the written testimony of record for this hearing.

Sincerely,

HOWARD SHAFF.

[From Watertown Public Opinion, May 27, 1983]

TOURISTS WE LIKE 'EM. . .

South Dakota's Senator Larry Pressler, who is chairman of the Senate Subcommittee on Business, Trade and Tourism, will be returning to his home state next Wednesday, June 1, to chair a hearing at Mt. Rushmore regarding tourism, our state's second largest industry.

Testimony will be heard from national and state travel and tourism experts from all segments of the industry and government. We feel that anything that can be done to increase this major industry in our state should be done as soon as possible.

The Senator will be addressing four major issues regarding the tourism industry:

- Ways to increase both foreign and domestic trade coming into South Dakota;
- The impact of travel and tourism to the economy and its role in providing the revenue for federal, state and local governments;
- Statewide and regional efforts to promote tourism in the untapped foreign markets; and

Better informing the many tourism related small businesses on how they can utilize government agencies for travel and tourism promotion.

We congratulate the senator for his interest in tourism and we feel he will gain new insights into this complex industry at the hearing. As he noted in the announcement of the meeting, "The U.S. has been gradually losing its share of

the world travel and tourism market, one of the best places to begin reversing this trend is in our own back yard." We couldn't agree more. The potential for travel and tourism growth in our state is enormous. We have so many attractions for our visitors—if they can just find us.

As Pressler notes, "We currently get only one-tenth of one percent of those visitors coming from abroad."

Again, we agree with the senator, tourism will play an increasingly important role in our economy in years to come. There is so much more for them to see. That's one of the reasons, we are sure, why Sandi Bronson, executive director of the Glacial Lakes Association will be making the trip to the Mt. Rushmore hearing. There is so much more to be seen—right here in our own back yard, northeast South Dakota.

And speaking of back yards, the South Dakota Weekender publication from the S.D. Tourism Department that was distributed last week in the Public Opinion is "proof of the pudding." The beautiful, well-done magazine couldn't have made it more clear. We are all proud of our state and heritage and we are proud to show it off. If Senator Pressler's hearing helps draw more visitors to our state, so much the better.

And, after they arrive, let's be sure that we make them feel at home—here in our beautiful back yard. . . .

